

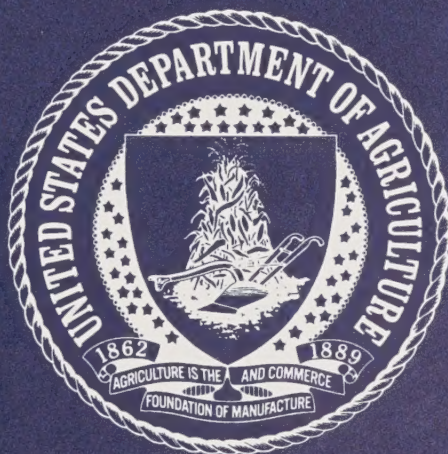
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BUDGET SUMMARY



U.S. DEPARTMENT OF AGRICULTURE

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INTRODUCTION

This booklet describes the fiscal year 1995 budget for the U.S. Department of Agriculture (USDA). The Secretary's legislative proposal for the reorganization of USDA is currently under consideration by the Congress. This booklet presents the 1995 budget on the basis of that proposal. All references to years refer to fiscal year, except where specifically noted.

The booklet is divided into the following sections:

- Highlights. This section is a brief summary of the most significant 1995 budget proposals for the Department of Agriculture.
- Streamlining. This section describes the Secretary's reorganization proposal for the Department.
- Agency Programs. This section provides agency by agency detail (based on the Secretary's reorganization proposal) of the 1995 budget proposals.
- Appendix Tables.

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals:

- "Program Level" represents the gross financial value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- "Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.
- "Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.
- "Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1995 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area. The reader should also understand that many 1995 estimates are very tentative especially where programs are sensitive to weather or economic conditions. Questions may be referred to the Office of Budget and Program Analysis at (202) 720-6176.

UNITED STATES DEPARTMENT OF AGRICULTURE
Budget Authority and Outlays
(Dollars in Millions)

Agency/Program	Budget Authority			Outlays		
	1994 Current Estimate	1995 Budget	Change 1994 to 1995	1994 Current Estimate	1995 Budget	Change 1994 to 1995
FARM AND INTERNATIONAL TRADE SERVICES						
Farm Service Agency:						
Conservation Reserve Program	1,743	1,752	9	1,819	1,808	-11
Crop Insurance	453	1,080	627	956	934	-22
Commodity Credit Corporation Programs	11,455	8,449	-3,006	12,118	8,497	-3,621
Farm Loan and Grant Programs	236	219	-17	225	221	-4
Salaries and Expenses	991	1,011	20	1,016	968	-48
Pre-credit Reform Loans	50	-623	-673	-118	-514	-396
Total, Farm Service Agency	14,928	11,888	-3,040	16,016	11,914	-4,102
International Agricultural Trade Service:						
Market Promotion Program	(100)	(75)	(-25)	*	*	
P.L. 480	1,426	1,245	-181	2,062	1,341	-721
Pre-credit Reform Loans	-599	-536	63	-599	-536	63
Salaries and Expenses	122	126	4	122	127	5
Total, International Agricultural Trade Service.....	949	835	-114	1,585	932	-653
Total, Farm and International Trade Services .	15,877	12,723	-3,154	17,601	12,846	-4,755
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT						
Rural Utilities Service:						
Rural Utility Loans and Grants	722	690	-32	544	548	4
Salaries and Expenses	57	57	0	65	58	-7
Pre-credit Reform Loans	-1,372	-1,046	326	-634	-522	112
Total, Rural Utilities Service	-593	-299	294	-25	84	109
Rural Housing and Community Development Service:						
Rural Housing Loan and Grant Programs	1,304	961	-343	1,233	988	-245
Rural Community Loan and Grant Programs	31	37	6	8	26	18
Salaries and Expenses	429	467	38	429	479	50
Pre-credit Reform Loans	1,272	461	-811	813	575	-238
Total, Rural Housing and Community Development	3,036	1,926	-1,110	2,483	2,068	-415
Rural Business and Cooperative Development Service:						
Rural Business and Cooperative Development Loans and Grants	113	147	34	51	137	86
Salaries and Expenses	28	27	-1	22	25	3
Pre-credit Reform Loans	-5	-5	0	9	3	-6
Total, Rural Business and Cooperative Development Service	136	169	33	82	165	83
Total, Rural Economic & Community Development	2,579	1,796	-783	2,540	2,317	-223
FOOD, NUTRITION AND CONSUMER SERVICES						
Food and Consumer Service:						
Women, Infants and Children (WIC)	3,210	3,564	354	3,222	3,538	316
Food Stamp Program	27,046	27,688	642	25,547	25,182	-365
Nutrition Assistance for Puerto Rico	1,079	1,143	64	1,078	1,141	63
Child Nutrition Programs	7,497	7,451	-46	7,637	8,087	450
Food Donations Programs	259	230	-29	254	258	4
Emergency Food Assistance Program	120	40	-80	124	40	-84
All Other	219	219	0	236	220	-16
Total, Food and Consumer Service	39,430	40,335	905	38,098	38,466	368
Nutrition Research and Education Service	11	18	7	11	16	5
Section 32 Funds	523	427	-96	63	0	-63
Total, Food, Nutrition and Consumer Services	39,964	40,780	816	38,172	38,482	310

Agency/Program	Budget Authority			Outlays		
	1994 Current Estimate	1995 Budget	Change 1994 to 1995	1994 Current Estimate	1995 Budget	Change 1994 to 1995
NATURAL RESOURCES AND ENVIRONMENT						
Natural Resources Conservation Service:						
Conservation Operations	644	666	22	629	654	25
Wetlands Reserve Program	67	241	174	17	79	62
Other Conservation Cost-share Programs	280	137	-143	341	235	-106
Other Programs	665	70	-595	500	399	-101
Total, Natural Resources Conservation Service	1,656	1,114	-542	1,487	1,367	-120
Forest Service	3,252	3,245	-7	3,202	3,179	-23
Total, Natural Resources and Environment	4,908	4,359	-549	4,689	4,546	-143
MARKETING AND INSPECTION SERVICES						
Food Safety and Inspection Service	519	433	-86	497	432	-65
Animal and Plant Health Inspection Service	469	450	-19	448	449	1
Agricultural Marketing Service	168	162	-6	170	178	8
Grain Inspection, Packers & Stockyards Admin. ..	24	10	-14	22	10	-12
Total, Marketing and Inspection Programs	1,180	1,055	-125	1,137	1,069	-68
RESEARCH, EDUCATION AND ECONOMICS						
Agricultural Research and Education Service	1,560	1,586	26	1,554	1,575	21
Economics and Statistics	137	143	6	136	141	5
Subtotal, Research, Education and Economics	1,697	1,729	32	1,690	1,716	26
Construction	47	26	-21	100	100	0
Total, Research, Education and Economics	1,744	1,755	11	1,790	1,816	26
DEPARTMENTAL ACTIVITIES						
Departmental Offices	155	155	0	155	145	-10
Centrally Financed Activities	155	257	102	143	258	115
RECEIPTS	-1,294	-1,226	68	-1,294	-1,226	68
USDA, TOTAL	65,268	61,657	-3,611	64,931	60,254	-4,677

* Net outlays attributable to these activities are included in CCC totals.

** Funding from CCC and Section 32.

HIGHLIGHTS

The overall USDA budget for 1995 calls for a budget authority level of \$61.7 billion, a decrease of \$3.6 billion from the 1994 level of \$65.3 billion. Cash outlays for 1995 are estimated at \$60.3 billion, a decrease of \$4.6 billion from the 1994 current estimate of \$64.9 billion.

USDA Reorganization

The proposed USDA Reorganization Plan is designed to streamline Department operations within six major mission areas and improve customer service while substantially reducing costs. Under the proposal, headquarters would be restructured reducing the number of USDA agencies from 43 to 29. The proposed field structure would close or consolidate over 1,100 county offices to create a system of 2,500 Field Office Service Centers providing one-stop shopping for producers. Improved customer service and accountability would be achieved by reforming the Department's management support systems. It is estimated that the proposed Reorganization Plan will reduce the Department's Federal employment by over 7,500 staff years and non-Federal staffing by over 1,160 staff years by 1998. That would result in a savings of \$1.4 billion in personnel costs and over \$1 billion in other administrative costs over the 1994 to 1998 period. The 1995 budget includes over \$366 million in savings due to this plan. The following is a summary of the 1995 budget by mission area. Additional information is available under the relevant sections of this document.

Farm and International Trade Services

Crop Insurance. The budget includes a major reform of the crop insurance program. The reform will build on efforts already under way to improve the actuarial soundness of the program and to incorporate prevented and delayed planting coverage as a standard feature of all policies. Legislation will be proposed to restructure the subsidy provisions of the program to increase participation and make crop insurance the primary source of disaster assistance available to farmers. The proposal will provide for a basic level of coverage against catastrophic loss at no cost to producers, except for a processing fee of \$50 per policy. Higher levels of coverage will continue to be available and premiums will be subsidized. Farmers who participate in commodity price and income support, and farm loan programs will be required to carry the basic level of insurance. Disaster payment assistance will be offered where crop insurance is not available, but only in instances when area-wide production falls below 65 percent of normal production.

Export Programs. The budget continues the Department's commitment to expanding overseas markets for U.S. agricultural products by providing a total program level of \$8.4 billion for the Department's international programs and activities in 1995. Among the most important of these are the Commodity Credit Corporation (CCC) export credit guarantee programs, the Export Enhancement Program, and the Dairy Export Incentive Program, which will continue at current levels. No funds are proposed for either the Sunflower Oil Assistance Program or the Cottonseed Oil Assistance Program since vegetable oil exports can be facilitated under other programs. In addition, reductions are proposed for the Foreign Market Development Cooperator Program, the Market Promotion Program, and the P.L. 480 foreign food assistance programs.

HIGHLIGHTS

CCC Spending. Net outlays for commodity support and related programs are projected at \$9 billion in 1995 down from an estimated \$12.1 billion in 1994 and \$16 billion in 1993. The estimates include possible crop disaster payments of \$2.6 billion in 1994. Reduced crop supplies, the Omnibus Budget Reconciliation Act of 1993 and other recently enacted legislation have contributed to the expected decline in CCC spending. The estimates are tentative since they are highly sensitive to weather, other economic conditions and program policy changes.

Rural Economic and Community Development

Rural Development Initiative. The 1995 budget includes significant additional funding for the President's Rural Development Initiative started last year. Business and industry loan guarantees will be increased by just under \$1 billion and the intermediary re-lending program will increase from \$100 million to \$125 million. Both of these programs provide assistance to rural businesses and industries to create new jobs and save existing ones. The 1995 level of \$1.5 billion for the water and waste disposal loan and grant programs will assist in the creation of over 34,000 jobs, primarily in the construction industry. In the housing programs the budget provides assistance for over 116,000 housing units, compared to 111,000 in 1994. About 30,000 of these units will be new construction, creating about 45,000 new jobs, mostly in rural areas.

Rural Empowerment Zones and Enterprise Community Program. This program was authorized in the Omnibus Budget Reconciliation Act of 1993 and is designed to combine the resources of the Federal, State and local governments and the private sector in an effort to provide increased investment and economic activity in those areas experiencing significant economic problems. In addition to tax incentives, the areas receiving designation will be eligible to receive social services block grants. During 1994 the Department will select 3 rural empowerment zones and 30 rural enterprise communities. The Department expects to receive applications for designation by early summer of 1994, and proposes to set aside \$124.9 million in loan and grant funds for the designated areas to use in redevelopment efforts.

Food, Nutrition and Consumer Services

The 1995 budget will increase funding for the Special Supplemental Food Program for Women, Infants and Children (WIC) Program \$353.3 million over the 1994 level to \$3.6 billion. This increase will provide special supplemental food and nutrition education for an additional 0.7 million women, infants, and children who have been determined to be at nutritional risk. This increase is a key part of the President's drive to assure that all children have a healthy start in life and that they begin learning early about proper nutrition. This request will ensure that the President's full funding commitment for this program is fulfilled by the end of 1996. In addition, the food stamp and child nutrition programs have been increased to accommodate changes in costs and participation, including the increases provided by recent legislation. Further, greater emphasis will be placed on increasing recipients' nutritional knowledge and help recipients improve their diets to better conform with the Dietary Guidelines for Americans. No funds are provided for purchased commodities in the Emergency Food Assistance Program, an \$80 million

HIGHLIGHTS

reduction. Reductions were also necessary in the Nutrition Program for the Elderly and the Commodity Supplemental Food Program.

Natural Resources and Environment

Watershed and Flood Prevention Operations. With funds appropriated in the Emergency Supplemental of 1993, the Department is continuing its task of providing relief to the nine States affected by the Midwest floods. Most of the work being addressed involves debris and sediment removal, erosion control, levee restoration, and/or wetland acquisition. The budget proposes over \$340 million in additional 1994 supplemental funds for disaster relief. The 1993 supplemental also authorized the Emergency Wetlands Reserve Program (EWRP) as an alternative to levee repair, through which farmers can sell easements on cropland damaged by the floods. In the first signup held in December 1993, the Department plans to enroll up to 25,000 acres. The 1994 supplemental request will continue the authorization to enroll significant new acreage into the program. Funds requested for 1995 for watershed project construction will be used to complete an orderly phase-out of ongoing construction work. No funds are included for new watershed construction work.

Wetlands Reserve Program (WRP). The WRP was authorized by the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990 and allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. The program was initiated in 1992 as a pilot effort in nine States and enrolled nearly 50,000 acres under permanent easements. A second signup is scheduled for late February in which the Department anticipates enrolling an additional 75,000 acres. The 1995 budget supports the Administration's wetlands policy calling for increased WRP funding and includes \$241 million to enroll 300,000 new acres in a nationwide program. This would be in addition to any acres enrolled under the Emergency Wetlands Reserve Program.

President's Plan for the Pacific Northwest. Following the April 1993 Forest Conference in Portland, the President charged a forest ecosystem management assessment team to develop a comprehensive, integrated approach to managing old-growth forests and their biological diversity west of the Cascade Range in Washington, Oregon, and Northern California. The Forest Plan that the President subsequently approved offers a new approach, based on sound science and a commitment to existing law. It identifies and protects key watersheds, old-growth forests, and scores of wildlife species, as well as the region's drinking water. Regional economic and social needs were integrated into the Plan. The total Federal budget provides \$372.4 million in 1995 funding, a 23 percent increase over 1994. Of this, USDA will provide \$182.8 million -- \$85.8 million through rural development programs and \$97 million through Forest Service programs.

HIGHLIGHTS

Marketing and Inspection Services

Food Safety Initiative. The Department is overhauling the meat and poultry inspection system. The Pathogen Reduction Program is an aggressive approach to address the food safety concerns from farm to table. Since early in 1993, an additional 200 inspectors have been hired; inspection requirements to trim all fecal and milk contamination in slaughter operations were reinforced; mandatory labelling requirements for safe handling instructions were published; a special review of 100 plants was conducted throughout the country; and a public health advisor is being sought. For 1995, the microbiological baselines will be expanded; inspectors will be trained in Hazard Analysis of Critical Control Points (HACCP); new methods for improving inspection and production practices will be evaluated; an epidemiological traceback system will be initiated to find the sources of microbiological contamination; new and faster inspection test methods will be developed through research conducted within the Department and under contract with private institutions and Land Grant Colleges; the relative risks of food borne diseases will be evaluated to determine the health care benefits from reduced pathogens; and the responsibility of all members of the food chain in protecting the safety of the food supply will be communicated.

User Fees. User fees will be proposed in legislation to recover the cost of providing services where there is a direct benefit to the industry or user. New user fees are requested for the services of providing the inspection beyond a primary approved shift for meat, poultry, and egg products; commodity standardization activities; and, costs for administering the Packers and Stockyards Act.

Research, Education and Economics

Food Safety Research and Extension Programs. Improved production and processing technology is a critical part of the Department's plans to enhance food safety, particularly with regard to the meat and poultry supply. A net increase of \$14 million is proposed for research and extension in 1995, comprised of new funds and funds to be redirected from lower priority projects. Consistent with the farm-to-table approach to reducing pathogens, researchers will devote resources to develop improved production methods and will strive for advances in processing technology, including new meat and poultry inspection tests to rapidly identify bacteria levels and improved slaughter methods. Newly developed technologies will be demonstrated to producers and handlers of meat and poultry products through an increased program of Extension education in food safety.

Pesticide Initiative. During 1993, the Administration announced plans to reform the Nation's pesticide laws to reduce the risks of pesticides to Americans, especially infants and children. USDA will perform a significant role in conducting research, providing education, collecting data and performing economic analyses to support the initiative. Traditional methods of pest control have frequently relied upon the use of chemicals. Scientific advances make it possible to rely more heavily on biological controls and advanced farm management systems. An important part of the USDA program for 1995 is a \$12.0 million increase for research and extension specifically targeted to developing and demonstrating the effectiveness of improved integrated pest management systems

HIGHLIGHTS

and biological controls. Projects will be conducted by Federal and university researchers in conjunction with State extension programs and producers. Increases are also proposed for related research and education programs to develop and demonstrate improved sustainable farming systems. USDA will also enhance data collection programs to gather more comprehensive pesticide use information and food intake information. These data will be a critical input to the accurate determination of risks as part of the regulatory activities conducted by the Environmental Protection Agency and the Food and Drug Administration. Coordination of pesticide related programs within USDA is being handled through the Assistant Secretary for Natural Resources and Environment.

National Research Initiative. Agricultural producers face an expanding array of challenges, ranging from traditional concerns with pests to the increasing interest in environmental and health concerns. There is national level interest in enhancing international competitiveness, improving nutritional status, assuring food safety, providing energy security and providing opportunities for rural residents. An explosion of information in biology and other scientific disciplines sets the stage for development of solutions to age-old and emerging problems faced by agricultural producers. The 1995 budget includes nearly an \$18 million increase for the National Research Initiative Competitive Grants Program. Six major categories are funded: Natural Resources and Environment; Plants; Animals; Nutrition, Food Safety and Health; Processes and New Products; and Markets, Trade and Rural Development. Funds are awarded to the most highly meritorious proposals as identified through a stringent peer review process. Scientists from universities, nonprofit organizations, the private sector and Federal labs are eligible to apply for these grants.

Administration

Info Share. The Info Share Program is a large-scale, multiagency partnership which is designed to improve service to customers of the farm service, rural development, and natural resources agencies of USDA. Through the implementation of Info Share, the Department seeks to improve service delivery by reducing the reporting burden on constituents of USDA farm programs, integrating information systems, establishing an information network, and applying common standards in the administration of different programs. Ultimately, this will allow USDA customers and agencies to exchange and access information electronically. Through the implementation of Info Share, the Department will realize long-term cost avoidance through greater economies of scale. The expected cost for Info Share in 1995 is \$90 million and from 1995 to 1999 is projected at about \$1 billion. This projection includes a decrease of greater than 50 percent from previous agency estimates for separate system purchases.

Strategic Space Plan. The 1995 request includes \$138.8 million to fund a new Strategic Space Plan for USDA in Washington, D.C. based on projected reductions in staff at the Department's Washington headquarters. The Plan is designed to modernize the South Building over a period of eight years and eliminate the need for leased space in the Washington area. Currently the Department houses about 12,000 employees in the four

HIGHLIGHTS

building headquarters complex in Washington, D.C. and 17 leased office buildings scattered throughout the metropolitan area. The Department pays rent to the General Services Administration (GSA) for all of this space and is responsible for the operations and maintenance of the headquarters complex. The Strategic Space Plan calls for the construction of a new USDA-owned office facility on land owned by USDA at Beltsville, Maryland; a modernization plan for the South Building; continued operation and maintenance of USDA facilities; and elimination of about \$50 million annually in rental payments to GSA by assuming the full operation and control of the headquarters complex. When the plan is completed by 2003, the Department will begin saving about \$80 million annually.

STREAMLINING

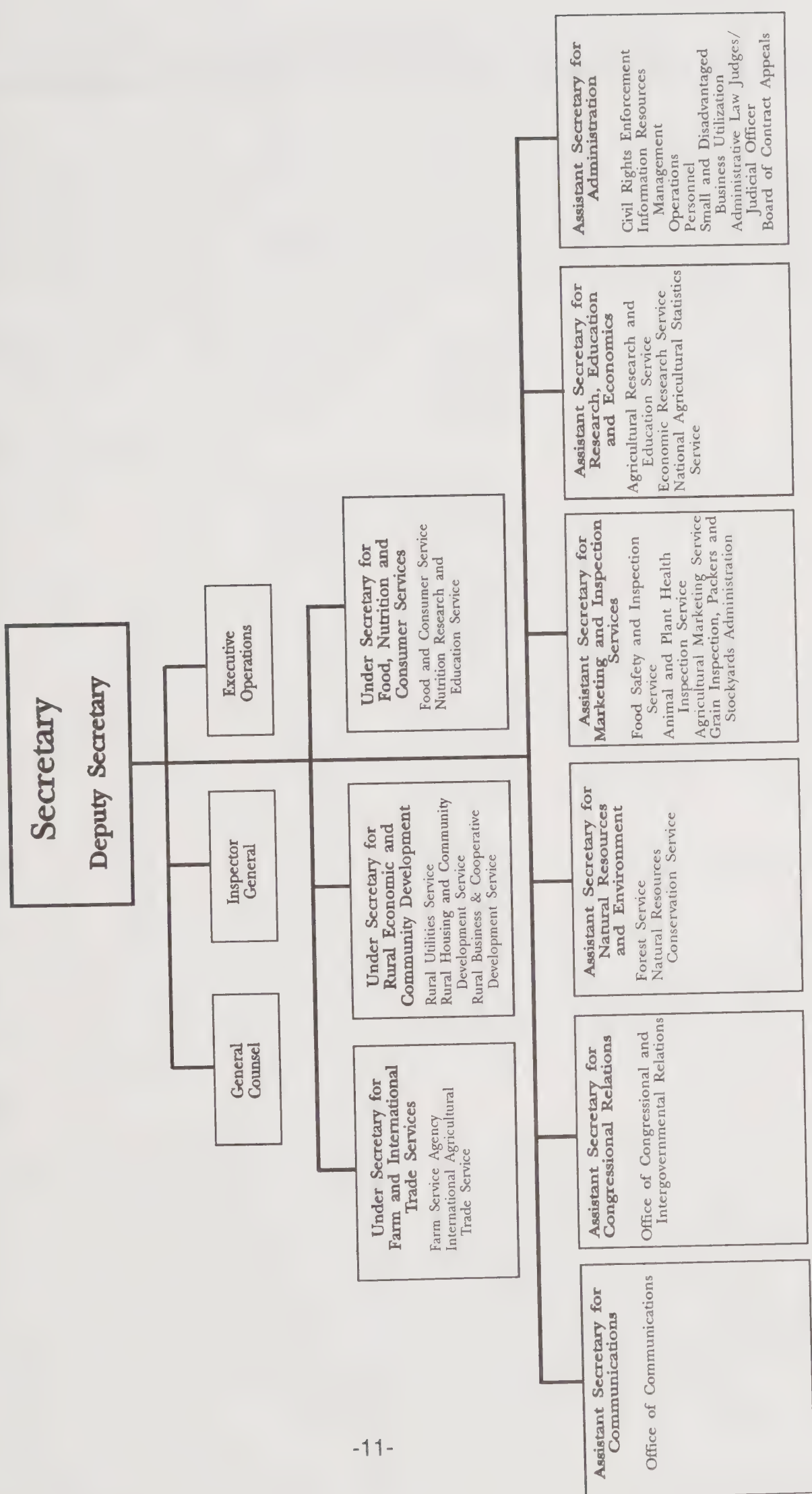
STREAMLINING

The 1995 budget reflects Secretary Espy's Reorganization Plan which is an ambitious proposal to reorganize the Department to improve customer service and save the taxpayers' money. In fact, it is clearly the most ambitious reorganization proposal ever undertaken by the Department and considering the diversity of the Department's programs and its far-flung field structure, it may be the most ambitious reorganization effort undertaken in the Federal Government. The Secretary's plan has four key objectives:

- Refocus and simplify the Department's headquarters structure. The responsibilities of subcabinet officers and agencies will be restructured on a mission-oriented basis. At the same time the headquarters structure will be simplified by reducing the number of agencies from 43 to 29. (See organization chart that follows.)
- Improve accountability and service to customers by reforming the Department's management support systems. Departmental oversight will be strengthened, technology will be used more effectively, and duplicative support staffs will be consolidated.
- Reform the Department's field structure. For the Department's county-based operations plans have been developed to close or consolidate over 1,100 county offices to create a system of approximately 2,500 Field Office Service Centers providing one-stop shopping for USDA customers. Other field structures are also under review. Proposals have been developed to close or consolidate the Department's lower priority research laboratories and a number of offices in various USDA agencies. Additional proposals will be made as reviews are completed.
- Reduce costs. The Secretary's plan will also substantially reduce USDA costs. It is estimated that the Secretary's plan will enable the Department to reduce its Federal employment by over 7,500 staff years and its non-Federal county staffing by over 1,160 staff years by 1998. Over the 1994 to 1998 period the Department will save \$1.4 billion in personnel costs and \$1.2 billion by reducing other administrative costs. (See tables that follow for more detail.)

While many aspects of the Secretary's proposals can be achieved within current law, there are a number of key components which require legislation. These components include some of the important structural changes such as the creation of the Farm Service Agency, the reform of the appeals process, the consolidation of conservation programs, and important enabling proposals such as the Administration's "buy out" legislation. Achieving Congressional approval of the necessary legislation early this year is a high priority. The following pages provide a copy of the new USDA organization chart and a summary of the savings which will result from the Secretary's proposals.

U.S. Department of Agriculture Proposed Headquarters Organization



STREAMLINING

Staff Year Estimates

	1993 Ceiling	1994	1995	1996	1997	1998	Change 1998-1993 Amount Percent
Headquarters vs. Field							
Headquarters	15,100	14,758	14,459	14,246	14,100	13,934	-1,166 -7.7%
Field	97,045	95,392	94,085	93,252	92,038	90,708	-6,337 -6.5%
Total	<u>112,145</u>	<u>110,150</u>	<u>108,544</u>	<u>107,498</u>	<u>106,138</u>	<u>104,642</u>	<u>-7,503</u> <u>-6.7%</u>
Non-Federal County	(13,726)	(13,438)	(12,560)	(12,560)	(12,560)	(12,560)	(-1,166) (-8.5%)
Administrative Staff Years							
Administrative	14,281	13,844	13,599	13,324	13,105	12,826	-1,455 -10.2%
Other	97,864	96,306	94,945	94,174	93,033	91,816	-6,048 -6.2%
Total	<u>112,145</u>	<u>110,150</u>	<u>108,544</u>	<u>107,498</u>	<u>106,138</u>	<u>104,642</u>	<u>-7,503</u> <u>-6.7%</u>
GM-14, GM-15 and SES Levels							
GM-14, GM-15 and SES Levels	6,046	5,884	5,699	5,536	5,484	5,421	-625 -10.3%
Other	106,099	104,266	102,845	101,962	100,654	99,221	-6,878 -6.5%
Total	<u>112,145</u>	<u>110,150</u>	<u>108,544</u>	<u>107,498</u>	<u>106,138</u>	<u>104,642</u>	<u>-7,503</u> <u>-6.7%</u>

Dollar Savings from 1993 Level (Dollars in Thousands)

	1994	1995	1996	1997	1998	Total Savings 1994-1998
Savings Due to Staff Year Reductions	\$83,282	\$217,418	\$293,902	\$387,342	\$468,126	\$1,450,070
Administrative Savings - Reductions from the Base	72,641	148,863	228,802	364,809	374,022	1,189,137
Total	<u>\$155,923</u>	<u>\$366,281</u>	<u>\$522,704</u>	<u>\$752,151</u>	<u>\$842,148</u>	<u>\$2,639,207</u>

FARM AND INTERNATIONAL TRADE SERVICES

MISSION

The Department's capabilities to efficiently and effectively carry out its mission to serve farmers and ranchers will be enhanced by the proposed reorganization and streamlining of its county-based services to farm-oriented clientele, as well as, its international activities devoted to serving growing markets for our farm products in the global economy. The Farm and International Trade Services (F&ITS) area will consist of a newly created Farm Service Agency (FSA) and the consolidation of international activities under the International Agricultural Trade Service (IATS) will save costs through administrative efficiencies, improve customer services and strengthen both the domestic farm and international program activities.

FARM SERVICE AGENCY (FSA)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Farm Credit Programs	\$2,198	\$3,714	\$3,822
Crop Insurance Program	1,313	1,456	1,766
Commodity Credit Corporation	21,923	17,279	17,289
Administrative Expenses	1,065	1,124	1,053
Total, FSA	<u>\$26,499</u>	<u>\$23,573</u>	<u>\$23,930</u>

The 1995 budget includes a new proposed Farm Service Agency (FSA) created from the USDA programs and staffs serving farmers through county offices. The FSA will be responsible for administering the domestic commodity price and income support, farm credit, disaster assistance, and crop insurance programs of the Department. It will also continue to have jurisdiction over the policy and administrative functions of existing Conservation Reserve Program (CRP) contracts.

The FSA will combine the Federal Crop Insurance Corporation (FCIC), the farm credit programs of the Farmers Home Administration (FmHA), and the Agricultural Stabilization and Conservation Service (ASCS), except for conservation cost-share programs which will be transferred to the Natural Resources Conservation Service (NRCS). However, the FSA field office staff will continue to provide administrative support for delivery of conservation cost-share programs under reimbursable agreement with the NRCS. Also, the administrative appeals function at the national level will be shifted from the FSA parent agencies to an independent National Appeals Division (NAD) located in Executive Operations reporting to the Secretary. (See the Departmental Activities Section for further discussion on NAD.)

FARM AND INTERNATIONAL TRADE SERVICES

The consolidation of services into one agency with farm-oriented clientele will produce administrative efficiencies through economies of scale and reduced overhead in support functions at the national and State headquarters levels, as well as, in local county or area offices. The proposed FSA would maintain a restructured streamlined USDA field office at the county level, and would improve services to farmers. The field structure will include 51 State offices and about 2,500 county offices, which would collocate in USDA Field Office Service Centers with NRCS and possibly other offices. This will provide farm related clientele with the benefits of one-stop shopping. Long term cost savings and efficiencies are expected as a result of streamlining both the county office structure, as well as, the State and national offices and functions. The 1995 budget components for each of the program areas follow.

FSA Administrative Expenses. The FSA's administrative expenses account funds all management related activities concerning FSA programs. The administrative expenses for the FSA include costs previously funded through the FmHA for farm credit programs, funds provided through the FCIC for crop insurance programs, and those previously provided through CCC. The FSA will also provide administrative support for the IATS under a reimbursable agreement. The 1995 budget proposes a program level of \$1.1 billion estimated to support 7,428 Federal staff years and 12,560 non-Federal county staff years needed to carry out all FSA programs, including the commodity price and income support programs. Staffing reductions of 710 Federal staff years and 1,166 non-Federal county staff years compared to 1993 levels (excluding special staff for disaster assistance) are proposed in the 1995 budget reflecting the benefits of streamlining as well as other budget reduction measures.

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Farm Service Agency
Farm Credit Programs
Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1993 Actual		1994 Cur. Est.		1995 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized	\$874	\$18	\$1,800	\$9	\$2,000	\$11
Guaranteed Subsidized	139	15	250	29	300	38
Direct	545	125	700	81	648	73
Total, Operating Loans	1,558	158	2,750	119	2,948	122
Farm Ownership:						
Guaranteed Unsubsidized	449	21	557	21	577	22
Direct	67	13	78	13	85	12
Total, Ownership Loans	516	34	635	34	662	34
Soil and Water Loans	2	a/	4	a/	10	1
Emergency Loans	59	31	100	26	100	26
Indian Land Acquisition Loans . .	1	a/	1	a/	1	a/
Credit Sales of Acquired Property	49	22	124	19	90	12
Farms For the Future Loans . . .	10	4	7	4	6	3
State Mediation Grants	3	3	3	3	0	0
Grants for Outreach and Technical Assistance for Socially Disadvantaged Farmers	0	0	3	3	5	5
Total, Farm Credit Programs (on-going programs)	2,198	252	3,627	208	3,822	203
1993 Supplementals:						
Soil and Water		1		7		
Emergency		21		80		
Total, Farm Credit	\$2,198	\$274	\$3,714	\$208	\$3,822	\$203

a/ Less than \$0.5 million.

The 1995 program levels reflect the long-term trend of moving from direct lending to guarantees of private sector loans. In the farm operating loan program there is a \$200 million increase in the amount of unsubsidized guarantees, and a \$50 million shift from direct to subsidized guarantees. There are modest increases in the farm ownership loan program for both loan guarantees and direct loans. These changes can be achieved with minimal impact on the amount of budget authority that is needed to support the programs.

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Recent legislation targeting assistance to beginning farmers is being implemented in 1994, and will be maintained in 1995. Further, the farm operating and farm ownership programs will continue to be operated consistent with the statutory requirements relating to farmers who are members of socially disadvantaged groups.

It should be noted that emergency loans will be maintained at \$100 million, the level appropriated for 1994. It is expected that demand for this program will increase in 1994 due to 1993 disasters such as the Midwest flood. This increase in demand in 1994 will be met by using funds available from a 1993 supplemental.

Credit sales of farm properties in inventory have been below budgeted levels in recent years, so these sales are being reduced from the \$124 million in 1994 to \$90 million in 1995.

No funds are included for the State Mediation Grant program, which operates in 18 States and was created to help farmers through the downturn in the farm economy that occurred in the 1980's.

A modest increase has been provided for grants to provide outreach and technical assistance for socially disadvantaged farmers. This program was initiated in 1993. The increase in funding will allow grantees to implement operations planned with the initial funding.

Farm Service Agency Crop Insurance Program Program Level (Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Crop Insurance:			
Delivery Expenses	\$264.5	\$267.7	\$330.2
Indemnities	1,048.3	1,188.6	1,435.9
Total, FCIC Program Level	<u>\$1,312.8</u>	<u>\$1,456.3</u>	<u>\$1,766.1</u>
Outlays	\$372.6	\$956.4	\$934.0

The Administration proposes a major reform of the crop insurance program. This reform would build on efforts already underway to improve the actuarial soundness of the program and to incorporate prevented and delayed planting coverage as a standard

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feature of all policies. The thrust of the reform will be to increase participation and make crop insurance the primary source of disaster relief for farmers.

Legislation will be proposed to provide for a basic level of insurance against catastrophic loss which would be available at essentially no cost to producers. This level of coverage would be based on 50 percent of normal yield with eligible losses reimbursed at 60 percent of the expected price. Normal yield would be determined for each individual producer based on each individual's actual production history. There would be a processing fee of \$50 per policy, limited to \$100 per producer and subject to waiver for limited resource producers. Producers participating in the commodity price support and farm loan programs would be required to obtain such coverage. Catastrophic coverage would be available, at the producer's option, either through FSA or a private company.

Higher levels of coverage would continue to be available, but only through private companies. Producers would pay a portion of the risk premium on these levels of coverage. However, those producers who elected to buy-up to at least 65 percent of normal yield would receive a subsidy equivalent to having their losses at the basic level of coverage reimbursed at 75 percent, rather than 60 percent, of expected price. In addition, delivery expenses would continue to be subsidized.

Disaster payment assistance would be provided where crop insurance was not available, but only when area-wide production fell below 65 percent of normal production.

The reform proposal also provides for combining risk premium and the delivery expense allowance into total premium, and treating FSA's portion of the payment of total premium as mandatory spending. Currently, the two are separate, with the payment (subsidy) of risk premium treated as mandatory and delivery expenses treated as discretionary and, as such, subject to appropriation. Under the proposed reform, only FSA's own salaries and expenses for administering the program would be treated as discretionary.

The reform proposal would increase in cost as participation in the higher levels of coverage increases in future years, which reflects the subsidy of delivery expenses and risk premium. As shown in the following table, by 1999 the cost of the reform proposal would be approximately the same as the current programs. There would, however, be a savings of about \$750 million over the five-year period.

The Administration will be working with the Congress to resolve certain technical problems relating to the scoring of disaster assistance so that the reform proposal can be properly considered as a tradeoff for both the current program and disaster payments. Further, the reform proposal will include a provision to reduce the likelihood of *ad hoc* disaster assistance being enacted in the future.

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Outlays for Crop Disaster Assistance Under Current and Proposed Legislation (Dollars in Billions)

	1994	1995	1996	1997	1998	1999	<u>Total</u> 1995-1999
Current Legislation:							
Crop insurance	\$1.0	\$0.9	\$0.7	\$0.7	\$0.8	\$0.8	\$3.9
Disaster Payments	2.6	1.0	1.0	1.0	1.0	1.0	5.0
Total	3.6	1.9	1.7	1.7	1.8	1.8	8.9
Proposed Legislation:							
Crop Insurance ^{1/}	1.0	1.0	1.4	1.6	1.7	1.9	7.6
Disaster Payments	2.6	0.5	0.0	0.0	0.0	0.0	0.5
Total, Proposed Leg.	3.6	1.5	1.4	1.6	1.7	1.9	8.1
Change in Outlays:							
Crop Insurance	0.0	0.1	0.7	0.9	0.9	1.1	3.7
Disaster Payments	0.0	-0.5	-1.0	-1.0	-1.0	-1.0	-4.5
Total, Change in Outlays	0.0	-0.4	-0.3	-0.1	-0.1	0.1	-0.8

^{1/} For 1995 and subsequent fiscal years, includes \$60 million for annual payments in areas where crop insurance is unavailable.

Farm Service Agency Commodity Credit Corporation (CCC)

Domestic farm commodity price and income support programs will be administered by the Farm Service Agency and financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC outstanding borrowings from Treasury may not exceed \$30 billion. Outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1994 outlays relate to the 1993 crop, and fiscal year 1995 outlays primarily relate to the 1994 crop.

CCC net outlays are difficult to predict accurately since they are heavily influenced by weather, changes in foreign markets, and other uncertain events affecting commodity prices during the nearly two-year period between preparation of the initial budget estimate and compilation of actual outlays at the end of the fiscal year.

Higher crop prices in 1993, reflecting severe weather and reduced yields, significantly reduced estimated outlays for the price support programs. Outlays for deficiency

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payments for fiscal year 1994, in particular, are now expected to be substantially lower as a result of higher prices for the 1993 crop.

CCC net outlays will also decline as a result of amendments contained in the Omnibus Budget Reconciliation Act of 1993. Reductions in payments on land idled under annual conservation programs and reductions in export promotion programs account for most of the expected savings. Subsequent legislation phasing out the wool and mohair program, beginning with 1994 marketings, was estimated to save an additional \$0.5 billion between 1994 and 1998. Legislation proposed by the Administration last year to phase out the honey program is currently under Congressional consideration.

Budget estimates also reflect the effects of legislation enacted last year implementing the North American Free Trade Agreement and regulatory actions proposed by the Administration to expand the use of ethanol. Both actions indirectly reduce price and income support program costs.

Legislation providing disaster assistance to producers has also significantly affected CCC budget outlays. Disaster payments have been provided through supplemental appropriations for every crop year since 1988. The budget baseline, in the absence of crop insurance reform, assumes disaster payments averaging \$1.0 billion will continue for the 1994 and subsequent crops.

The estimate of \$2.6 billion in disaster payments for fiscal year 1994 includes \$2.1 billion in payments for losses on the 1993 crop provided by P.L. 103-75 and assumes an additional \$0.5 billion in payments on the 1994 crop. The estimate of \$1.0 billion in disaster payments for fiscal year 1995 assumes payments of \$0.5 billion for each of the crop years 1994 and 1995. Crop insurance reform, effective with the 1995 crop, would reduce baseline disaster payments for fiscal year 1995 by eliminating the need for payments on 1995 crop losses.

CCC Program Costs. CCC net outlays for price support and related activities for fiscal year 1993 totaled \$16.0 billion reflecting the effects of record crop production in 1992. Outlays for fiscal year 1994 are estimated to decrease to \$12.1 billion because of market conditions. Net expenditures for feed grains, largely reflecting short supplies resulting from flooding in the midwest, declined from \$5.8 billion in fiscal year 1993 to \$0.9 billion in fiscal year 1994. These lower commodity program expenditures are partially offset by increased disaster payments. Crop disaster payments were \$0.9 billion in fiscal year 1993 and are estimated to total \$2.6 billion in fiscal year 1994. Under current legislation, CCC outlays for fiscal year 1995 are projected to decline to \$9.0 billion, reflecting expected improvements in market conditions, reduced disaster payments associated with an assumed return to more normal weather for the 1994 crops, and the effects of recent legislation.

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Farm Service Agency CCC Net Program Outlays by Commodity (Dollars in Millions)

Commodity	Fiscal Years		
	1993	1994	1995
Feed Grains	\$5,765	\$937	\$1,640
Wheat	2,185	1,989	1,892
Rice	887	820	314
Upland Cotton	2,239	1,670	1,160
Tobacco	235	403	-183
Dairy	253	256	264
Soybeans	109	-147	-57
Peanuts	-13	97	32
Honey	22	8	-4
Wool and Mohair	179	198	137
Crop Disaster Assistance	872	2,646	1,000
Other a/	3,314	3,241	2,802
Total, Baseline	16,047	12,118	8,997
Crop Insurance Reform			-500
Total, Request	\$16,047	\$12,118	\$8,497

a/ Includes minor oilseeds, rye, vegetable oil products, ELS cotton, and sugar. Also includes changes in working capital, operating expenses, net interest expense, export programs, and processing, storage, and transport costs.

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Farm Service Agency Analysis of CCC Program and Outlay Levels (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1994	FY 1995	FY 1994	FY 1995
Domestic Programs:				
Price Support Loans	\$6,998	\$9,161	\$478	-\$114
Direct Payments	4,923	4,865	4,923	4,865
Purchases and Sales	1,388	1,127	484	203
Producer Storage Payments . .	35	23	35	23
Processing, Storage, and Transportation	120	115	120	115
Operating Expenses	7	8	7	8
Interest Expenditure	259	319	135	90
Disaster Assistance <u>a/</u>	2,702	1,000	2,702	1,000
All Other <u>b/</u>	847	671	1,254	1,287
Total, Domestic Programs . . .	17,279	17,289	10,138	7,477
Export Programs <u>c/</u>	6,966	6,941	1,980	1,520
Total, CCC Baseline	24,245	24,230	12,118	8,997
Crop Insurance Reform <u>d/</u>		-500		-500
Total, CCC Request	<u>\$24,245</u>	<u>\$23,730</u>	<u>\$12,118</u>	<u>\$8,497</u>

a/ Includes crop disaster payments and assistance for livestock producers.

b/ Includes minor commodity program costs, ocean transportation of export donations and changes in working capital.

c/ The 1995 Market Promotion Program includes policy savings of \$35 million.

d/ Total CCC net outlays for 1995 include impact of proposed crop insurance legislation savings of \$0.5 billion in reduced disaster payment assistance.

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INTERNATIONAL AGRICULTURAL TRADE SERVICE (IATS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
CCC Export Credit:			
Short-term Guarantees	\$3,643.2	\$5,000.0	\$5,000.0
Intermediate-term Guarantees	238.9	500.0	500.0
Emerging Democracies Guarantees	a/	200.0	200.0
Total, CCC Export Credit	3,882.1	5,700.0	5,700.0
Export Enhancement Program	967.3	1,000.0	1,000.0
Dairy Export Incentive Program	161.8	156.0	156.0
Sunflower and Cottonseed Oil Assistance Programs	32.1	50.0	0.0
Market Promotion Program	147.7	100.0	75.0
P.L. 480 Food Assistance	1,698.9	1,598.0	1,307.3
Salaries and Expenses	183.9	183.8	175.3
Total, International Programs	\$7,073.8	\$8,787.8	\$8,413.6

a/ CCC export credit guarantees made available to emerging democracies in 1993 are included in either the short- or intermediate-term guarantee categories.

Commercial Export Programs. The Department carries out a variety of commercial export programs which are designed to develop overseas markets, expand the levels of U.S. agricultural exports, and counter the unfair trade practices of competitor exporting countries. Under the Department's reorganization plan, these programs will be administered by the International Agricultural Trade Service (IATS).

Under the export credit guarantee programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural export sales. A total program level of \$5.7 billion has been established for the CCC export credit guarantee programs for 1995. This includes \$5.0 billion to be made available under the GSM-102 program which provides guarantees on export credit with short-term repayment terms (up to 3 years), and \$500 million to be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms). These levels are consistent with the minimum annual levels established by the FACT Act and are unchanged from 1994.

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An additional \$200 million of credit guarantees are expected to be made available by CCC during 1995 to promote the export of U.S. agricultural products to emerging democracies. As provided in the FACT Act, these may be made available as GSM-102 or GSM-103 export credit guarantees or as guarantees for financing the establishment of or improvements in handling, marketing, processing, storage, or distribution facilities for imported agricultural commodities and products. The FACT Act requires that a total of \$1.0 billion of CCC credit guarantees be made available for export to emerging democracies during the 1991 to 1995 period.

In accordance with Federal credit reform guidelines, the budgetary costs for CCC export credit programs are based on the estimated lifetime subsidy costs of providing the credit. The subsidy costs for the \$5.7 billion program level for CCC export credit guarantees are estimated to be \$394.4 million in 1995. This compares to the estimate of \$403.2 million for the subsidy costs of CCC export credit guarantees to be made available during 1994.

Under the Export Enhancement Program (EEP), CCC provides bonuses to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales. The program serves to enhance U.S. trade policy strategy and objectives and to maintain the levels of U.S. agricultural exports by counteracting the effects of unfair trade practices. The budget assumes that as much as \$1.0 billion of EEP bonuses will be awarded during 1995, unchanged from the current estimate for 1994.

The Department also administers several other subsidy programs to facilitate export sales of specific agricultural commodities. The Dairy Export Incentive Program (DEIP) facilitates export sales of U.S. dairy products and, similar to EEP, is funded by CCC. The budget assumes DEIP will continue in 1995 near the current level.

Under the Sunflower Oil Assistance Program (SOAP) and the Cottonseed Oil Assistance Program (COAP), Section 32 funds are used to make bonus payments to facilitate export sales of these vegetable oils. The budget proposes that no funding be made available as bonus payments under SOAP and COAP in 1995 and that all export subsidies for U.S. vegetable oils be made under EEP.

Market Promotion Program (MPP). The purpose of the MPP is to support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the program, CCC funds are used to partially reimburse participating organizations for the costs of carrying out foreign market development and export promotion activities in designated countries. Participating organizations include nonprofit agricultural trade organizations, State regional trade groups, and private companies. Assistance can only be provided to counter or offset the adverse effects of subsidies, import quotas, or other unfair trade practices; however, this restriction does not apply in the case of activities carried out by small-size entities operating through State regional trade groups. The budget proposes a program level of \$75 million for MPP in 1995, a reduction of \$25 million from the 1994 level.

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International Agricultural Trade Service P.L. 480 Food Assistance Programs Program and Tonnage Levels

Program	1993 Actual	1994 Current Estimate	1995 Budget
Title I Credit Sales:			
Dollars in Millions	\$555.3 <u>a/</u>	\$496.4 <u>b/</u>	\$374.3
Million Metric Tons	(2.6) <u>a/</u>	(2.5) <u>b/</u>	(1.9)
Title II Donations:			
Dollars in Millions	831.5	821.6	773.0
Million Metric Tons	(2.1)	(2.1)	(2.1)
Title III Grants:			
Dollars in Millions	312.1	280.0 <u>c/</u>	160.0
Million Metric Tons	(1.3)	(1.2) <u>c/</u>	(0.7)
Total, P.L. 480 Programs:			
Dollars in Millions	\$1,698.9	\$1,598.0	\$1,307.3
Million Metric Tons	(6.0)	(5.8)	(4.7)

a/ Excludes Food for Progress programming for Russia implemented with funds transferred to Title I from the Commodity Credit Corporation.

b/ Excludes impact of proposed rescission of \$40 million in 1994 budget authority and \$50.6 million in program level for Title I.

c/ Excludes impact of proposed rescission of \$45 million in 1994 budget authority and program level for Title III.

The P.L. 480 program is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries through long-term concessional financing. In allocating assistance to be provided under the Title I program, priority is given to those developing countries which demonstrate the greatest need for food, are undertaking measures to improve their food security and agricultural development, and are potential commercial markets for U.S. agricultural commodities. The Title I program will be administered by IATS.

Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other situations with extraordinary relief

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requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold on the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

The budget includes proposed rescissions in funding for the P.L. 480 Title I and Title III programs in 1994. In order to provide an offset for supplemental appropriations which are being requested for U.S. contributions to U.N. peace-keeping activities, the budget proposes a rescission of \$40 million in budget authority for Title I concessional sales, which reduces the Title I program level by \$50.6 million, and a rescission of \$25 million in both budget authority and program level for Title III grants. The budget proposes to rescind an additional \$20 million in budget authority and program level for Title III grants; this reduction is already included in the package of rescission measures which has passed the House of Representatives and is pending consideration in the Senate. The proposed rescissions are expected to lower the estimate of total P.L. 480 assistance in 1994 by 500,000 metric tons to a revised estimate of 5.3 million metric tons.

For 1995, the budget proposes a total program level for P.L. 480 food assistance of just over \$1.3 billion. This is expected to provide approximately 4.7 million metric tons of commodity assistance in 1995, a reduction of about 1,100,000 metric tons from appropriated levels and about 600,000 metric tons from the revised estimate for 1994. The reduced program level recommended for P.L. 480 assistance in 1995 results from constraints on funding for U.S. international programs and the need to accommodate increased expenditures for other priority activities.

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International Agricultural Trade Service Salaries and Expenses (Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Foreign Agricultural Affairs	\$36.6	\$36.9	\$38.1
Foreign Market Information and Access	26.3	26.9	27.3
Foreign Market Development	55.0	55.4	45.4
International Cooperation and Development	6.8	7.0	6.8
General Sales Manager	8.9	9.1	9.2
Total, Direct Programs	133.6	135.3	126.8
Trust Funds	3.3	3.5	3.5
Reimbursable Programs Funded by AID and Other Organizations	37.1	35.0	35.0
Emerging Democracies Program Funded by CCC	9.9	10.0	10.0
Total, Salaries and Expenses	<u>\$183.9</u>	<u>\$183.8</u>	<u>\$175.3</u>

On October 1, 1993, the Office of International Cooperation and Development (OICD) was merged with the Foreign Agricultural Service (FAS) and Office of the General Sales Manager in accordance with Secretarial Memorandum 1020-39. This action also complies with provisions of the 1994 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act which fund OICD programs within the FAS appropriation.

The Secretary's reorganization plan provides for FAS to be succeeded by IATS. Establishment of IATS is expected to result in improved coordination and a strengthening of the Department's international programs and activities. The reorganization plan also enhances the role of the General Sales Manager within IATS by ensuring increased participation in policy planning and coordination of all export promotion activities and the development of new marketing initiatives.

IATS's diverse responsibilities include representation of U.S. agricultural interests abroad, foreign commodity reporting and analysis, participation in international trade policy formulation and negotiations, and export promotion and market development activities, including administration of the Department's major commercial export and foreign food assistance programs. IATS is also responsible for administration of scientific and technical exchanges, cooperative international research, liaison with international food and

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agricultural organizations, and agricultural technical assistance, training and research activities in developing countries and emerging democracies.

Administrative management functions for IATS will be carried out by the FSA, which has been designated the "lead agency" for these functions within the Farm and International Trade Services program area. FSA will provide these services to IATS on a reimbursable basis.

For 1995, the budget recommends \$175.3 million for IATS salaries and expenses, which includes \$126.8 million in appropriated funding. Two major changes in appropriated funding for IATS are proposed.

First, funding of \$8.4 million is requested for IATS for the costs of maintaining the CCC Computer Facility. In the past, the computer facility has been operated jointly by FAS and ASCS and been funded by CCC. FAS has now assumed full responsibility for operation of the facility, which maintains the agency's foreign agricultural production and trade database. Funding for the facility's annual operating costs will now be included in the IATS appropriations request. (For comparability, the 1993 and 1994 data in the previous table have been adjusted to reflect the costs of the computer facility.)

Second, funding for IATS's contribution to the Foreign Market Development Cooperator Program will be reduced by \$10 million or approximately one-third from the level of recent years to offset increases for other initiatives.

The IATS budget also includes \$48.5 million in funding expected to be made available through trust funds and reimbursable agreements, a level unchanged from the current estimate for 1994. The largest component of this consists of funding for technical assistance, training, and research activities which IATS carries out overseas on behalf of AID, foreign governments, and international organizations. Another major component is reimbursable funding from CCC which supports technical assistance activities in emerging democracies aimed at enhancing their food and rural business systems and expanding U.S. agricultural exports. These activities are authorized by section 1542(d) of the FACT Act of 1990.

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

MISSION

The mission for rural economic and community development is to assist rural Americans to use their abilities to improve their quality of life. The three agencies to be created in this area will have specific responsibilities for providing assistance relating to rural utilities, rural business and cooperative development, and housing and community development. Each agency will be allowed to concentrate its resources and develop expertise in meeting its responsibilities. However, the administrative support functions will be consolidated as part of the overall effort to streamline and reduce costs.

Further, a single State Director will be responsible for the activities of all three agencies in each State, except for approval of electric and telephone loans. Decision-making, including loan and grant approvals, will be delegated to the lowest possible level. Field offices will be collocated at USDA Service Centers, except where workloads require separate offices, for example, in an area of high housing demand but limited farm-related activity.

All three agencies will seek to maximize the use of state-of-the-art automated data processing and telecommunications facilities, and to serve their customers by making access to such facilities an integral part of the planning and execution of development strategies.

RURAL UTILITIES SERVICE (RUS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1993 Actual		1994 Cur. Est.		1995 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Electric Loans:						
Direct 5%	\$913	\$117	\$125	\$20	\$25	\$3
Treasury Rate	--	--	--	--	500	a/
Municipal	--	--	600	46	200	16
FFB Insured	774	35	300	3	275	a/
Total, Electric Loans	1,687	152	1,025	69	1,000	19
Telephone Loans:						
Direct 5%	311	44	100	13	0	0
Treasury Rate	--	--	198	a/	236	a/
FFB Insured	78	a/	120	0	118	0
Total, Telephone Loans	389	44	418	13	354	0

RURAL ECONOMIC AND COMMUNITY DEVELOPMENT

Program	1993 Actual		1994 Cur. Est.		1995 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Telephone Bank:						
Direct: Cost of Funds Rate . .	\$175	<u>a/</u>	\$200	\$3	\$0	\$0
Direct: Treasury Rate	--	--	--	--	175	<u>a/</u>
Total, RTB	175	--	200	3	175	<u>a/</u>
Rural Telecommunication						
Partnership Loans	0	0	0	0	15	<u>a/</u>
Water and Waste Disposal Loans:						
Direct	647	123	834	116	977	136
Guaranteed	2	0	35	0	0	0
Total, Water and Waste Disposal	649	123	869	116	977	136
Watershed & Flood Prevention .	0	0	4	0	4	0
Resource Conservation & Dev.	0	0	1	0	1	0
Total, Loans	2,900	319	2,517	201	2,526	155
Grant Programs:						
Water and Waste Disposal	425	425	500	500	525	525
Emergency Community Water Assistance	10	30	10	10	0	0
Solid Waste Management	3	3	3	3	3	3
Distance Learning Medical Link .	0	5	10	10	5	5
Subtotal, Grants	438	463	523	523	533	533
Total, RUS Loans and Grants	3,338	782	3,040	724	3,059	688
Administrative Expenses	54	56	57	57	58	58
Total, RUS (ongoing programs)	3,392	838	3,097	781	3,117	746
1993 Supplemental: Emergency						
Comm. Water Assistance Gts . .	1	20	20			
Total, RUS	<u>\$3,392</u>	<u>\$858</u>	<u>\$3,117</u>	<u>\$781</u>	<u>\$3,117</u>	<u>\$746</u>

a/ Less than \$0.5 million.

NOTE: Due to enactment of OBRA in 1993, loans may be repriced without scoring under discretionary authority and, therefore, do not appear in this table. In 1993, FFB electric loans totalling \$1,262,454,088 were repriced and \$14,136,811 in FFB telephone loans were repriced.

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The Rural Utilities Service (RUS) will be established by combining the water and waste disposal loan and grant programs of the Rural Development Administration and the electric and telephone loan programs of the Rural Electrification Administration (REA). The mission of the new organization is to play a leading role in improving the quality of life in rural America through improved efficiencies in the administration of the utility-oriented programs, each of which has a long history of success in rural areas. A key component of achieving efficiency in the administration of these programs is to decentralize as much decision-making authority as possible. Further, the new agency will adopt planning processes and outcome-oriented performance measures in accordance with the Government Performance and Results Act of 1993. These standards will enable the agency to assess and target resources to maximize the impact of the programs.

The water and waste disposal programs will continue to be administered primarily through a field office structure consisting of district offices and State offices, which will be collocated with USDA Service Centers where possible. The electric and telephone programs will continue to be administered by the national office. There will continue to be a field representative to provide technical and managerial assistance to electric and telephone borrowers.

The water and waste disposal loan and grant programs provide assistance to communities with populations of less than 10,000. Communities must be denied credit through normal commercial channels to be eligible for assistance. Small communities and rural areas rank the highest in terms of noncompliance with Federal drinking water standards. The Environmental Protection Agency Needs Survey, conducted every two years, supports the need for Federal assistance to bring rural communities into compliance within existing waste water treatment standards. RUS is the major Federal source of financial assistance for rural drinking water and waste disposal systems.

Water and waste disposal grants are used in conjunction with the loan program to reduce the per household cost of repaying the loans to a level that is comparable to other rates in the area. Only communities with poverty and intermediate rate incomes qualify for grants.

For 1995 the budget includes a loan level of \$977 million for water and waste disposal loans. This is an increase of \$143 million over the 1994 level. For water and waste disposal grants the budget includes \$525 million, an increase of \$25 million over the 1994 level. These increases will assist rural communities in meeting the requirements of the Clean Water Act and other health and environmental standards.

In addition, the budget proposes to reduce the interest rate on poverty rate loans. This initiative is being taken to insure that the lowest income communities are more able to afford the cost of water and sewer improvements. Communities with incomes that do not qualify for the poverty rate will continue to receive loans at the market interest rate or the intermediate rate.

In 1993 Congress enacted a number of reforms in the REA electric and telephone programs. Among these reforms was the elimination of the 5 percent direct loan

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programs, except for those borrowers meeting certain financial hardship criteria; and the establishment of programs with an interest rate comparable to the interest rate on municipal bonds.

For 1995 the budget includes \$25 million for electric borrowers that meet the financial hardship criteria and qualify for 5 percent loans, compared to \$125 million available in 1994. The budget also includes \$200 million for electric loans at the municipal rate, compared to \$600 million for 1994, and \$500 million to be made at Treasury's cost of borrowing. Congress did not provide any Treasury rate electric loans for 1994. Criteria will be developed to determine the interest rate to be charged each borrower. The additional interest paid by borrowers with loans at the Treasury rate will provide budgetary savings and encourage more borrowers to seek private financing in lieu of Federal assistance. For the loans made by the Federal Financing Bank (FFB), the budget includes \$275 million compared to the 1994 level of \$300 million.

For the telephone programs, the budget includes \$236 million to be loaned at Treasury's cost of borrowing, compared to \$198 million available in 1994. No funds are included for telephone loans at the 5 percent interest rate. For the loans made by the FFB, the budget includes \$118 million, compared to \$120 million for 1994. For the Rural Telephone Bank, the budget includes \$175 million. The interest rate on these loans will increase from the cost of funds to the Treasury rate. This is consistent with the levels provided by Congress for the past several years. Investments in upgrading rural telephone service are crucial if rural areas are to share in the growth of the information industry.

For Distance Learning and Medical Link grants, the budget includes \$5 million. While this has proved to be a very popular program, budget constraints do not permit the Administration to fund the program at the \$10 million level as in 1994. In addition, the budget includes \$15 million for a new program authorized in the 1990 FACT Act, Rural Business Telecommunications Partnership loans. These loans will assist rural businesses in adapting up-to-date telecommunications equipment which will assist in making them more competitive with urban businesses.

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RURAL HOUSING AND COMMUNITY DEVELOPMENT SERVICE (RHCDs)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1993 Actual		1994 Cur. Est.		1995 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single-Family						
Direct	\$1,291	\$242	\$1,800	\$354	\$1,800	\$166
Unsubsidized Guarantees . .	540	11	750	12	1,300	22
Rural Rental Housing	574	288	540	310	220	116
Very Low-Income Repair	11	5	35	14	35	12
Farm Labor Housing	16	8	16	8	16	8
Self-Help Housing	1	a/	1	a/	1	a/
Housing Site Development . . .	1	0	1	0	1	0
Credit Sales	162	21	133	20	176	14
Subtotal, Housing Loans . . .	2,596	575	3,276	718	3,549	338
Housing Grants and Payments:						
Very Low-Income Repair	14	28	25	25	25	25
Farm Labor Housing	16	11	11	11	11	11
Mutual and Self-Help	18	13	13	13	13	13
Supervisory and Technical Asst.	0	2	2	2	2	2
Compensation for Const. Defects	a/	1	1	1	1	1
Rural Housing Preservation . . .	23	23	23	23	23	23
Rural Housing Vouchers	0	0	25	25	25	25
Rental Assistance Payments . .	404	404	447	447	523	523
Subtotal, Housing Grants . . .	475	482	547	547	623	623
Total, Housing	3,071	1,057	3,823	1,265	4,172	961
Community Development Loans:						
Community Facility:						
Direct	100	8	225	22	300	28
Guarantees	52	0	75	4	75	4
Total, Community Dev. Loans	152	8	300	26	375	32
Fire Protection Grants	4	4	4	4	5	5
Total, Community Devel. . . .	156	12	304	30	380	37
Administrative Expenses	429	477	443	443	480	467
Total, RHCDs (ongoing programs)	3,656	1,546	4,570	1,738	5,032	1,465

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Program	1993		1994		1995	
	Actual		Cur. Est.		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
1993 Supplementals:						
Housing Repair Loans		\$6		\$15		
Housing Repair Grants		15		15		
Total, RHCDS	\$3,656	\$1,567	\$4,600	\$1,738	\$5,032	\$1,465

Note: Excludes the impact of a 1994 rescission proposal of \$16 million in subsidy budget authority for the housing loan programs.

a/ Less than \$0.5 million.

Rural Housing and Community Development Service Number of Housing Units Assisted

Program	1993	1994	1995
Single Family Housing Loans	30,982	42,230	49,110
Rental Housing Loans	15,350	14,000	5,270
Other Loan programs	7,914	15,220	12,821
Rental Assistance	22,076	25,994	36,747
Housing Grants	9,594	13,525	12,913
Total Housing Units	85,916	110,969	116,861

The mission of the Rural Housing and Community Development Service (RHCDS), that will be created from the housing programs of the Farmers Home Administration and the community development programs of the Rural Development Administration, is to improve the quality of life in rural America by providing community facilities, homeownership opportunities, multi-family housing facilities, technical assistance, and outreach. The community programs currently serve over 17 million people, while the single-family and multi-family programs combined provide housing opportunities to over 1 million low- and moderate-income families.

The RHCDS will administer a broad mix of rural housing programs, including deeply subsidized direct loans for single-family and multi-family housing, unsubsidized guarantees for single-family housing, and rental assistance payments for tenants of the multi-family housing units. The interest rates on single-family and multi-family direct loans can be subsidized to as low as 1 percent, with an average interest rate of about 4 percent being paid. The 1995 budget provides new loan and grant assistance for almost 117,000

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housing units, as compared to about 111,000 in 1994. Almost 30,000 of these units will be new construction, creating about 45,000 jobs, mostly in rural areas. The Administration intends to make these units available to rural families who have the greatest need for decent, safe, and sanitary housing and who are able to assume a proportional share of the cost of the housing.

The largest increase will be in the single-family guaranteed loan program, which is budgeted to provide \$1.3 billion in loan guarantees on about 21,000 units, a 79 percent increase over last year's program level. The demand for this program accelerated in 1993 and continues to grow. Because there is no interest rate subsidy provided for loan guarantees, the increased program level can be achieved at a cost of only \$22 million. A loan origination fee of 1 percent will be charged for these loans beginning in 1995 and will be awarded to pay administrative costs.

Single-family direct loans will be funded at \$1.8 billion, the same level as last year. These loans will finance over 28,000 new units. In order to reduce the cost of the program, borrowers will be asked to contribute 30 percent of their income toward principal, interest, taxes and insurance prior to receiving interest credit subsidy. Currently, they pay 20 percent. This change is necessitated by budget constraints.

There are also major changes relating to the rural rental housing program. The loan level for the rural rental housing is reduced from \$540 million in 1994 to \$220 million in 1995. This reduction is necessary because of the high subsidy cost of the program, both in terms of interest subsidy on loans to finance the projects and the ongoing cost of providing rental assistance on approximately 60 percent of the units in these projects. Rental assistance payments are increased 17 percent from \$447 million to \$523 million. This increase is necessary to meet the demand for renewals of expiring contracts on existing units, and to provide additional units in existing projects where vacancy rates are high or tenants are paying more than 30 percent of their income for rent and qualify for rental assistance but have not been receiving such assistance. Rural housing vouchers will be maintained at \$25 million.

In addition to the housing programs, RHCDS also administers community development programs, which makes loans to rural communities with populations of 20,000 or less to finance hospitals, health clinics, fire and rescue services and other essential community services. The job creation potential of these programs is similar to that of other infrastructure projects; however, this program also creates long-term employment for the operation of hospitals, health clinics, and other permanent facilities that are financed under the program.

The community programs of RHCDS will deliver \$380 million in loans and grants to nonprofit and public entities that provide essential community facilities in rural areas. Funding is increased for community facility direct loans from \$225 to \$300 million, while guaranteed community facility loans continue to be funded at \$75 million. As part of an initiative to reach poorer communities, the poverty interest rate will be lowered for direct community facility loans, as well as for the water and waste disposal loans made by the Rural Utilities Service. Also, \$5 million in funding is provided for fire protection grants.

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RURAL BUSINESS & COOPERATIVE DEVELOPMENT SERVICE (RBCDS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1993 Actual		1994 Cur. Est.		1995 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loans:						
Business & Industry						
Guaranteed	\$100	\$5	\$249	\$2	\$1,116	\$11
Intermediary Relending Prog . .	33	19	100	56	125	65
Rural Economic Development .	12	3	13	3	13	3
Total, Loans	145	27	362	61	1,254	79
Grants:						
Rural Economic Development .	0	0	29	0	10	0
Rural Business Enterprise	21	21	42	42	50	50
Rural Technology and Cooperative Development	--	--	--	--	5	5
Technical Assistance and Planning	--	--	--	--	5	5
Total, Grants	21	21	71	42	70	60
Alternative Agricultural Research and Commercialization	6	6	8	8	8	8
Administrative Expenses:						
Loans and Grant Programs . . .	20	23	24	24	21	21
Cooperative Services	6	6	6	6	6	6
Total, Administrative Expenses	26	29	30	30	27	27
Total, RBCDS (ongoing programs)	198	83	471	141	1,359	174
1993 Supplemental:						
Business and Industry Guaranteed Loans	87	13	155			
Total, RBCDS	\$285	\$96	\$626	\$141	\$1,359	\$174

a/ Less than \$0.5 million.

The Rural Business and Cooperative Development Service (RBCDS) will be established by merging the Business and Industry Loan Guarantee program, the Intermediary Relending program, the Rural Business Enterprise grant program, and other business-

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oriented programs of the Rural Development Administration, and the Rural Economic Development loan and grant programs of the REA, as well as the functions of the Agricultural Cooperative Service (ACS) and the Alternative Agricultural Research and Commercialization Center (AARC). The mission of the new organization is to assist rural businesses, cooperatives and rural communities in creating new economic opportunities through the provision of financial and technical assistance. The merger of these programs and functions into one unit will facilitate increased efficiencies in the administration and delivery of the programs. The programs will continue to be delivered through a national office staff and the field offices, primarily State offices.

Business and Industry loan guarantees are made to businesses and industries located outside metropolitan areas of 50,000 or more and their immediately adjacent urbanizing area. The purpose of the program is to create or save employment opportunities in rural areas. The budget proposes an increase of almost \$900 million for these guarantees. The Administration anticipates a significant increase in demand for this program as a result of sharply decreased interest rates, nationwide economic recovery, and the implementation of other Administration development initiatives such as Empowerment Zones and Enterprise Communities.

The Intermediary Relending program provides loans to private and public nonprofit organizations for businesses or community development purposes. The budget requests \$125 million for the Intermediary Relending program, an increase of \$25 million. The Rural Business Enterprise grant program provides grant assistance to public bodies and private nonprofit corporations to finance and develop small and emerging business enterprises in rural areas. These funds can be used for a variety of purposes, including acquisition of land, construction, equipment, start-up costs and working capital. The budget includes \$50 million for these grants.

These programs will be augmented by the former REA Economic Development loan and grant programs. The 1995 budget requests \$13 million for the loan program, which is about the same level provided in 1994. For grants, almost \$10 million is estimated to be available from earnings on the cushion of payments made by REA borrowers. Funds do not need to be appropriated for this program. REA is finalizing regulations to initiate the program in 1994 with earnings accumulated over the last few years. Funds not used in 1994 will carry over into 1995.

In addition, the budget requests funding of \$5 million for each of two new grant programs -- Technical Assistance and Planning grants and Rural Technology and Cooperative Development grants. These funds will be used to assist in the development of economic development strategies and to provide seed capital for the development of new technologies appropriate to rural economies.

The AARC program provides assistance in partnership with the private sector to encourage the commercialization of new nonfood, nonfeed products based on agriculture and forestry commodities. These research and commercialization activities will be closely coordinated with the other economic development functions of the RBCDS. In addition, merging the programs and activities of the Agricultural Cooperative Service will strengthen

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the Administration's policy of broadening its approach to rural economic development. Self-help approaches will be emphasized. A small user fee is also proposed to help offset the cost of providing technical assistance to the largest cooperatives.

FOOD, NUTRITION AND CONSUMER SERVICES

MISSION

The Secretary's reorganization proposal creates an Under Secretary for Food, Nutrition and Consumer Services. The Under Secretary's mission is to ensure that all Americans have access to healthful diets through food assistance and nutrition education and training. Diet and health are inextricably linked, and good nutrition is a key preventive health measure. The budget emphasizes the role of USDA's food assistance programs in improving the health of our neediest citizens. To support that emphasis, the budget includes an increase for the Special Supplemental Food Program for Women, Infants and Children, popularly known as WIC. This increase is the next step toward full funding for WIC. In addition, the budget places much greater emphasis on empowering people with the knowledge they need to make wise nutritional choices in their diets. If nutrition is a key to better health, then better education and training is a key to better nutrition. The Food and Consumer Service (FCS) operating structure will be reviewed to streamline the organization and its procedures, and to improve the integrity and efficiency of the programs. Plans already provide for staff reductions at Headquarters and the closing of eight field offices. Further review of the organization structure is ongoing, and further streamlining is expected.

FOOD AND CONSUMER SERVICE (FCS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Discretionary:			
Special Supp. Food Program (WIC) . . .	\$2,928.2	\$3,330.3	\$3,683.6
Commodity Supp. Food Program (CSFP)	82.3	104.5	94.5
Child Nutrition Programs	8.7	12.9	32.5
Food Stamp Program	0.5	10.9	13.3
Food Distribution to Indians (FDPIR) . .	63.0	69.2	77.6
Nutrition Program for the Elderly	142.6	150.0	141.1
Soup Kitchens and Food Banks	32.0	40.0	50.0
Emergency Food Assistance (TEFAP) .	165.0	120.2	40.2
Food Program Administration (FPA) . .	103.5	107.8	107.0
Total, Discretionary	3,525.8	3,945.8	4,239.8

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Program	1993 Actual	1994 Current Estimate	1995 Budget
Mandatory:			
Food Stamp Program	\$23,697.2	\$24,229.8	\$25,196.0
Food Stamp Reserve	(2,500.0)	(2,500.0)	(2,500.0)
Nutrition Assistance for Puerto Rico . . .	1,040.2	1,078.5	1,143.0
Child Nutrition Programs	6,798.6	7,257.8	7,720.5
Child Nutrition - AMS Sec. 32	400.0	400.0	400.0
Special Milk Program	19.1	19.0	19.7
Temporary Assistance, P.L. 102-552 . .	42.3	0.0	0.0
Total, Mandatory	<u>31,997.4</u>	<u>32,985.1</u>	<u>34,479.2</u>
 Total, FCS	 <u>\$35,523.2</u>	 <u>\$36,930.9</u>	 <u>\$38,719.0</u>

As part of the goal to improve the health of all Americans, USDA has made nutrition a top priority. Food assistance and nutrition assistance are inseparable issues, and are inextricably linked to the Administration's health care priorities. Recent studies have demonstrated that low-income persons -- those most likely to participate in the food assistance programs -- are at greatest risk for diet-related diseases. That makes it all the more important to provide nutrition education and information to those customers. The food assistance programs offer a particularly good platform from which to encourage those who most need to do so to learn about nutrition, and in particular to follow the Dietary Guidelines for Americans. The Dietary Guidelines were developed jointly by USDA and the Department of Health and Human Services, and constitute the official nutrition policy of the U.S. Government. Nutrition education and training can bring this guidance into program participants' daily lives, and can improve their nutritional status at a fraction of the cost of other programs. As a part of the Administration's welfare reform initiative, the programs are being reviewed to better emphasize the traditional values of work, family, opportunity, and responsibility.

The mission of the FCS is to: (1) provide needy people sufficient supplemental resources, including educating them on the Dietary Guidelines for Americans, to help assure them a nutritious diet; (2) provide additional assistance to vulnerable, low-income categories of people to help assure the adequacy of their diets (major categories include pregnant and lactating women, pre-school and school children up to age 18, and persons 60 years of age or older); and, (3) assist needy households, schools and certain not-for-profit organizations, by distributing to them commodities purchased for farm economic support requirements.

FCS fulfills its mission principally via food stamps, the nation's foundation program addressing hunger. The Food Stamp Program enables low-income households to obtain

FOOD, NUTRITION AND CONSUMER SERVICES

nutritious diets by supplementing the funds they have to spend on food with food stamps. Food stamps are used to purchase food from food retailers. Further assistance to needy households is provided through the WIC program, which helps low income pregnant and lactating women, infants, and children up to age 5; the Soup Kitchens program, which provides commodities to soup kitchens and food banks, primarily to benefit the homeless; and the Emergency Food Assistance Program (TEFAP), which provides administrative expense funding and bonus commodities to the network of food banks and other programs which assist households in need of immediate, short-term food assistance. Additional assistance is provided to vulnerable groups via congregate feeding for persons 60 or older in the Nutrition Program for the Elderly; and for children up to the age of 18 in the National School Lunch, School Breakfast, Child and Adult Care, Summer Food, and Special Milk programs.

FCS programs are operated in a State/Federal partnership. The Federal Government is generally responsible for paying 100 percent of benefit costs and a significant share of State administrative expenses, interpreting the statutes, and providing States with technical assistance and guidance. With a few exceptions, States are responsible for determining the eligibility of needy people to participate in food assistance programs and for the delivery of food benefits. Food benefits take three major forms: food stamps (in both paper and electronic form) and WIC vouchers, redeemable by households for food in retail grocery stores; cash grants, used by schools and other congregate meal providers to subsidize their meal services; and USDA-purchased commodities provided to the congregate meal providers, as well as to some households.

Budget requirements for food assistance programs depend on participation and the per person costs of assistance provided. Since participation is generally restricted to low-income persons, a healthy economy tends to lift individuals above eligibility thresholds and reduce participation and costs. However, low-income households tend to be the first to be affected by economic downturns and the last to benefit from upturns. So food assistance participation tends to increase or stay constant for a while even after the economy begins to improve. Low inflation helps hold per person benefit costs constant.

The income eligibility threshold for food stamps and free school meals is 130 percent of the poverty line (\$18,655 for a household of four for 1994). The threshold for WIC and reduced price meals is set at 185 percent of poverty (\$26,548 for a household of four, or up to \$31,099 for WIC households with a pregnant woman).

The table on the following page shows recent and projected participation, food and nonfood costs, and other program indicators.

FOOD, NUTRITION AND CONSUMER SERVICES

Key Indicators

	1992 Actual	1993 Actual	1994 Estimate	1995 Estimate
Participation, millions average monthly:				
Food Stamps	25.40	26.98	27.39	27.31
Free School Lunch	11.22	11.74	12.34	12.44
School Lunch, all	24.60	24.80	25.00	25.30
Special Supp. Food Program (WIC)	5.40	5.92	6.50	7.20
Commodity Supp. Food Program (CSFP):				
WIC-type	0.22	0.23	0.26	0.26
Elderly	0.12	0.14	0.17	0.11
Food Distribution Program on Indian Reservations (FDPIR)	0.12	0.11	0.11	0.12
Nutrition Program for the Elderly (NPE), annual meals	245.44	244.09	243.94	244.10
Unemployment Rate *	7.3%	7.0%	6.6%	6.2%
Unemployed Persons (millions average)*	9.25	8.93	8.43	7.90
Average/person/month food benefit in \$:				
Food Stamps	\$68.57	\$67.95	\$68.51	\$71.60
WIC	30.20	29.82	30.45	31.63
CSFP: WIC-type	17.20	17.66	18.90	19.21
CSFP: Elderly	14.13	14.90	16.47	16.76
FDPIR	31.36	31.85	34.82	37.12
Per meal subsidies including commodities:				
Free School Lunch	\$1.81	\$1.84	\$1.87	\$1.93
Paid School Lunch	\$0.30	\$0.30	\$0.31	\$0.31
NPE per meal subsidy (cents) .	61.00	62.06	61.46	57.78

* New survey methods to be used from January 1994 onward will increase the measured unemployment rate by 0.5 percentage points and the number of unemployed by about 900,000.

The action plan for the food assistance programs includes improving the programs to better reach those who need assistance, to improve integrity and efficiency, and ultimately to increase the return on the nation's investment in families and individuals. Nutrition education and training will be critical in this process. FCS is developing programs that will help local school food authorities prepare healthier meals, along with a comprehensive nutrition education campaign for children that links dietary knowledge

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directly to what they eat in the cafeteria. Nutrition education and training, emphasizing the Dietary Guidelines for Americans, will receive increased emphasis in all FCS programs. Influencing buying and eating patterns will do more than any other single activity to improve program participants' nutrition and health.

Food Stamps will be funded at the current services level including increases provided by the Mickey Leland Act. USDA, along with OMB and others on the Welfare Reform Task Force, are also considering how to consolidate responsibility for the Food Stamp Employment and Training (E&T) program with the Department of Health and Human Services (DHHS) AFDC Job Opportunities and Basic Skills (JOBS) program and similar programs operated by the U.S. Department of Labor, as recommended by the National Performance Review. Participants in the new program that would otherwise have been assisted only by E&T would still be financed by food stamps. No reduction in expenditures is contemplated, although savings in administrative burden at the local level is expected to lead to efficiencies, better service, and better results for recipients.

Additional emphasis and resources will be placed on Electronic Benefit Transfer (EBT) and error reduction in the Food Stamp Program. The Department has established the objective of making EBT available to all States by 1996 wherever cost effective. By substituting electronic debit cards for food coupons, recipients receive the benefit more conveniently, and retailer and program administrative costs can be reduced. EBT also reduces opportunities for trafficking. With respect to error reduction efforts, some administrative simplification and greater managerial efforts to reduce errors are expected to be highly cost-beneficial since annual overpayments approach \$1.8 billion.

The WIC program supplements recipients' food purchases with specific foods providing nutrients known to be lacking in the diets of the WIC population. An increase of \$353.6 million is requested for 1995, for a total of \$3.56 billion for WIC. This increase will move WIC rapidly towards meeting the goal of full funding by the end of 1996. In addition to funding cost increases for the current program, this will allow program growth of about 1.3 million over the 1993 level. It is expected that one more large increase will be sufficient to reach full funding by the end of 1996. About \$153 million of WIC funds supports nutrition education, including breast-feeding promotion, so that recipient diets will improve and will continue when recipients "graduate" from the program. The budget also includes funding for the Farmers' Market Nutrition Program, which helps introduce WIC participants to fresh, nutritious fruits and vegetables. With full funding for WIC about to be achieved, greater emphasis on coordination with other programs, as well as efficiency and integrity is also needed to assure continued strong support for this cost-beneficial program. Efforts to achieve greater cost savings through better food package management practices will continue to be made, consistent with the goals of the National Performance Review.

Food stamps and WIC are complemented by Child Nutrition Programs, which provide low-income children with free or low-price meals when they are in school or child care. A top priority is improving the nutritional quality of the meals served in the Child Nutrition Programs through the National School Lunch Program and the School Breakfast Program.

FOOD, NUTRITION AND CONSUMER SERVICES

A USDA report released in the Fall of 1993 showed the meals offered to school children exceeded virtually all of the recommendations of the Dietary Guidelines for Americans for fat, saturated fat, cholesterol, and sodium. If our children are our future, we must provide them today with the healthful diets they will need to live healthy lives in the future. School meals must meet the recommendations of the Dietary Guidelines for Americans. School cafeterias must be an extension of the classroom, where we must provide children with the information they need to make wise nutritional choices. As part of the Administration's emphasis on children, the Child Nutrition Programs are funded at the full current services level, and will support all projected Head Start Program growth.

A 25 percent increase, for a total of \$50 million, is requested for the Soup Kitchens program. For the Emergency Food Assistance Program (TEFAP) \$40 million is requested for administrative expenses. This will maintain the commodity distribution infrastructure so that it can continue to distribute such USDA bonus commodities as are available, as well as the large amounts of foods acquired from non federal sources. These funds are allocated to States based on the number of unemployed persons and the number of persons under the poverty line in each State.

NUTRITION RESEARCH AND EDUCATION SERVICE (NRES)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Nutrition Research and Education Service	\$8.5	\$11.1	\$18.4

The Nutrition Research and Education Service mission is to acquire statistically adequate data on individual food intake in America for use in policy and regulatory decision-making. This research forms the basis for pesticide and additive regulation, food assistance program planning and evaluation, and for nutrition education efforts. The agency also develops nutrition education materials and coordinates nutrition monitoring activities with the DHHS and many other major entities interested in the field.

An increase in funding is requested to expand the sample sizes and refine survey methodologies used in the Continuing Survey of Food Intakes by Individuals (CSFII). The CSFII measures the kinds and quantities of foods eaten by a nationally representative sample of Americans, and over samples low-income persons. The National Academy of Science's (NAS) report, "Pesticides in the Diets of Infants and Children," called attention to the greater risks and vulnerabilities of children to pesticide residues in food and to the need for increased detail in intake data, particularly for children under 5. Increased

FOOD, NUTRITION AND CONSUMER SERVICES

sample sizes will improve the scientific basis for pesticide regulation by the Environmental Protection Agency and food policies by the Food and Drug Administration providing huge benefits to producers of farm commodities as well as to consumers and nutritionists.

The CSFII occurs in three-year cycles, with some exceptions. Design, collection and analysis of data are ongoing at all times with phases for different years of the study overlapping one another. With current funding NRES can manage contracts for the field data collection on about 5,000 individuals each year. The increased funds would substantially increase the sample sizes.

NRES will also continue to build and maintain the National Nutrient Data Bank, a key part of infrastructure necessary to complete food surveys by NRES or any public or private researchers. The National Nutrient Data Bank provides information about the nutrients in foods, essential information to convert survey data into information on dietary status. NRES emphasizes assuring good data on the most frequently consumed foods and is currently working to improve data in the data base. More complete documentation for sample data provided by others and by contractors, as well as larger sample sizes are sought. NRES also maintains the Food Grouping System which converts multi-component foods reported as consumed into their separate ingredients. This is necessary for such things as determining the nutritional value of multi-component food, i.e., by summing the nutrient contribution of each of its components.

NATURAL RESOURCES AND ENVIRONMENT

MISSION

The mission in the natural resources and environment area is to help people conserve, improve, and sustain both our natural resources and our economy, and to achieve quality land management under the sustainable multiple-use concept. Two agencies, the Natural Resources Conservation Service, a new agency that will be created by consolidating the Department's conservation programs, and the Forest Service will be responsible for achieving this mission.

While each agency will maintain independent responsibilities, many administrative and financial management functions at both the headquarters and field levels will be consolidated as part of the Department's overall streamlining efforts. Consolidated functions will be assigned to a designated lead agency. A board of directors consisting of the two agency heads and officials responsible for finance, administration, civil rights, and small and disadvantaged business utilization will also be created to provide a policy and oversight linkage between the new administrative organization and the office of the Assistant Secretary for Natural Resources and Environment.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Conservation Operations:			
Technical Assistance:	\$490.2	\$502.3	\$500.9
Cost-Share Program Support <u>a/</u> . . .	56.5	54.6	75.6
Soil Surveys	72.5	73.9	75.2
Snow Surveys	5.7	5.8	5.8
Plant Materials Centers	8.1	8.9	8.7
Total, Conservation Operations . . .	633.0	645.5	666.2
River Basin Surveys	13.3	13.5	11.0
Watershed Planning	9.5	10.9	7.4
Watershed Operations	278.6	267.0	25.0
1994 Emergency Supplemental		340.5	
Resource Conservation & Dev.	32.5	32.9	26.2
Trust Funds	0.6	0.5	0.5

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Program	1993 Actual	1994 Current Estimate	1995 Budget
Cost-Share/Land Acquisition Prog:			
Conservation Reserve Program <u>b/</u> . .	\$1,683.3	\$1,818.7	\$1,807.7
Wetlands Reserve Program	0.0	61.4	240.9
Agricultural Conservation Program . . .	184.7	184.9	100.0
Great Plains Conservation Program . .	25.3	25.7	10.9
Colorado River Salinity Control	8.8	8.8	8.4
Water Bank Program	17.1	7.4	8.0
Emergency Conservation Program . . .	89.7	0.0	3.0
1994 Emergency Supplemental . . .		25.0	
Forestry Incentives Program	12.4	12.8	6.6
Total, Cost-Share/Land Acq.	2,021.3	2,144.7	2,185.5
Total, NRCS	\$2,988.8	\$3,455.5	\$2,921.8

a/ Consists of SCS technical assistance and ASCS program administration costs which in 1993 and 1994 were appropriated to ASCS.

b/ Current CRP contracts are financed and administered by the Farm Service Agency.

The USDA reorganization plan proposes to consolidate all USDA conservation programs into a single new agency, the Natural Resources Conservation Service (NRCS). This consolidation will merge most of the conservation programs of the Agricultural Stabilization and Conservation Service (ASCS) and the Soil Conservation Service (SCS). With the exception of the administration of current Conservation Reserve Program contracts, the NRCS will be responsible for program and policy direction, financing, management and delivery of the Department's conservation programs. Farm Service Agency county office employees will continue to take applications and make payments. However, beginning in 1995 these functions will be performed on a reimbursable basis with funds appropriated to NRCS.

Within the proposed level of \$1.1 billion for the NRCS, the agency will undertake a major effort to increase acquisition of easements under the Wetlands Reserve Program in support of the Administration's goals for protecting and restoring wetlands. In addition, the agency will continue to place emphasis on improving overall services to farmers and providing them with the needed technical assistance to implement and maintain conservation compliance plans. The budget will also support, at a reduced level, current conservation cost-share programs. Finally, the budget proposes an orderly phase-out of the watershed construction projects.

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Conservation Technical Assistance. The 1995 budget proposes \$576.5 million for conservation technical assistance which includes \$75.6 million in SCS and ASCS support for cost-share and land acquisition programs that until 1995 has been funded through ASCS appropriations. This funding level will ensure that the conservation mandates of the 1990 FACT Act are fully implemented and that compliance plans are installed by the December 31, 1994, statutory deadline. Although increases are not requested for this workload, it will continue to demand a large portion of existing resources.

Continued implementation of the Administration's wetlands policy is another high priority within USDA. This policy was further clarified in a Memorandum of Agreement (MOA) that was recently signed by the four Federal agencies involved in wetlands related work. The MOA calls for greater interagency coordination, cooperation, and oversight and makes SCS the lead Federal agency for delineating wetlands on agricultural lands. An increase of \$15.6 million is included in the NRCS budget for new wetland determinations.

Watershed and Flood Prevention Operations. With funds appropriated in the Emergency Supplemental Appropriations for Relief From the Major, Widespread Flooding in the Midwest Act of 1993, SCS is continuing its task of providing relief to the nine States affected by the Midwest floods. Most of the work being addressed involves debris and sediment removal, erosion control, levee restoration, and/or wetland acquisition. Because of the magnitude of this disaster, as well as the fires and threats from mudslides that occurred last year in California, the budget proposes over \$340 million in 1994 supplemental funds to provide additional relief to the affected States and to address other unforeseen emergencies. Funds requested in 1995 will be used to complete an orderly phase-out of ongoing watershed construction work. No funds are made available for new watershed construction work.

The 1993 supplemental also authorized the Emergency Wetlands Reserve Program (EWRP) as an alternative to levee repair, through which farmers can sell easements on cropland damaged by the floods. In the first signup held in December 1993, approximately 44,000 acres were offered into the program, of which the Department hopes to enroll 25,000 acres. The 1994 supplemental request will continue the authorization to enroll significant new acreage into the program.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to more effectively utilize available Federal, State, and local programs. The 1995 budget contains adequate funding to support area coordinators and proposes to eliminate the relatively small and less critical financial assistance component of the program. The program will emphasize water quality enhancement actions in 1995.

Conservation Reserve Program (CRP). The CRP offers producers rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally

sensitive land from production. Participants also receive cost-share help to establish required ground cover. In the 12 CRP signups held since 1986, about 36.4 million acres have been enrolled. The 1993 and 1994 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Acts did not provide funding for additional signups. The \$1.8 billion requested in 1995 would pay for rental and other costs associated with acres currently enrolled in the program. No new signups would be held.

Under the proposed USDA reorganization, the Farm Service Agency (FSA) will have jurisdiction over policy and administrative functions for existing CRP contracts. The Department is now studying various alternatives for expiring contracts and questions regarding the future of these contracts will be determined in upcoming farm bills and appropriations acts. The NRCS will be the agency responsible for implementing any new policy in full cooperation with the FSA.

Wetlands Reserve Program (WRP). The WRP was authorized by the 1990 FACT Act and allows individuals to enroll farmed wetlands or converted wetlands in exchange for a permanent easement. Participants must also implement a wetlands restoration plan for which they receive financial and technical assistance from the Department. The program was initiated in 1992 as a pilot effort in nine States and enrolled nearly 50,000 acres. While the program was not funded in 1993, the 1994 appropriation did include funding to enroll an additional 75,000 acres. The 1995 budget supports the Administration's wetlands policy calling for increased WRP funding and includes \$241 million to enroll 300,000 new acres in a nationwide program. This would be in addition to any acres enrolled under the Emergency Wetlands Reserve Program.

Cost-Share Programs. Funding for Agricultural Conservation Program in 1995 is proposed at \$100 million which reflects a reduction of about \$94.6 million below the 1994 level. The program will offer annual agreements and water quality incentives projects to address the highest priority soil and water conservation needs on approximately 5 million acres.

Under the Great Plains Conservation Program, NRCS will participate in cost-sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the Great Plains. The 1995 budget proposes funding for this program at \$10.9 million which is \$14.7 million below the 1994 appropriation. Low priority activities will be reduced and the program will give added focus to water quality problems.

The Colorado River Basin Salinity Control Program provides cost-share assistance to landowners and others in the Colorado River Basin to enhance the quality and supply of water in the Colorado River. The budget proposes a 1995 program level of \$8.4 million, a decrease of \$5.4 million below the 1994 level. Funds would be directed to ongoing projects located in Colorado, Nevada and Wyoming.

Through the Water Bank Program, landowners enter into 10-year agreements to protect natural wetlands and adjacent lands in exchange for annual payments. This program,

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along with the Wetlands Reserve Program, are important components in the Administration's new wetlands policy. The budget proposes to maintain Water Bank Program funding at the 1994 level of \$8 million.

The Emergency Conservation Program (ECP) provides cost-sharing for the rehabilitation of farmland damaged by natural disasters. The budget proposes a funding level of about \$3 million in 1995. The budget also includes \$25 million in 1994 supplemental funding for ECP to provide additional relief to the victims of the Midwest floods.

For the Forestry Incentives Program, the 1995 budget proposes a decrease of \$6.2 million from the 1994 level, which will provide cost-sharing for tree planting on more than 77 thousand acres and for timberstand improvement on nearly 20 thousand acres. More than 50 million trees will be planted. This would be in addition to the tree planting effort reflected in the \$22.7 million request for the Forest Service's Stewardship Incentives Program.

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FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Discretionary Programs:			
National Forest System:			
Timber	\$219.0	\$184.6	\$173.7
Recreation and Trails	261.1	259.1	268.7
Range	44.4	44.1	49.4
Wildlife and Fish	116.4	121.1	135.3
Soil, Water and Air	72.3	78.0	94.5
Reforestation and Timber Stand Imprv .	62.2	62.3	57.1
Minerals	34.8	33.0	35.3
Road Maintenance	82.2	79.2	86.4
Law Enforcement	15.5	<u>a/</u> 63.6	63.9
General Administration	305.9	298.2	305.0
Reappropriation of Unobligated 1992 Funding	118.3		
Miscellaneous	93.5	90.3	90.3
Total, National Forest System	1,425.6	1,313.5	1,359.6
Construction:			
Recreation Facilities and Trails	100.8	113.2	76.0
Administrative Facilities	13.8	18.5	21.0
Watershed Restoration	0.0	20.0	0.0
Roads	137.9	97.3	121.4
Total, Construction	252.5	249.0	218.4
Land Acquisition	62.4	64.2	64.2
Fire Protection and Suppression	374.6	371.8	388.5
Forest Research	182.7	193.1	204.0

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Program	1993 Actual	1994 Current Estimate	1995 Budget
State and Private Forestry:			
Forest Pest Management and			
Emergency Suppression	\$55.3	\$38.5	\$40.0
Cooperative Fire Protection	16.9	17.1	3.7
Stewardship Activities	23.3	25.8	27.0
Stewardship Incentives Program	17.8	17.9	22.4
Urban and Community Forestry	24.8	27.0	27.0
Economic Action Programs	13.7	29.5	27.5
Forest Legacy Program	9.9	6.9	6.7
Miscellaneous	14.8	5.4	4.0
Total, State and Private Forestry	176.5	168.1	158.3
International Forestry	(7.5)	7.0	10.0
Special Accounts	6.0	6.1	6.1
Total, Discretionary Programs	2,480.3	2,372.8	2,409.1
Mandatory Programs:			
Working Funds	237.3	288.2	210.2
Payments to States	304.9	285.0	278.7
Cooperative Work Trust Funds	310.2	275.8	316.9
Reforestation Trust Fund	30.1	30.0	30.0
Total, Mandatory Programs	882.5	879.0	835.8
Total, FS	\$3,362.8	\$3,251.8	\$3,244.9

a/ For 1993, Law Enforcement includes Drug Enforcement and local grants only.

Budget Structure. The table above displays, in an abbreviated fashion, the current Forest Service budget structure to permit comparison from one year to the next. Chapter 1 of the Vice President's Report of the National Performance Review: *Creating a Government that Works Better and Costs Less*, deals with cutting red tape. The very first example cited is the complexity of the Forest Service budget structure which requires the agency to track the expenditure of more than 70 separate pots of appropriated funds. For 1995, the Administration is proposing to streamline the budget process by reducing the

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number of accounts subject to annual appropriation from 13 to 8 and the number of line items from 72 to 42. The purpose of moving to a new structure is to increase flexibility and program integration while still retaining basic resource program funding controls. It will better focus decisions on crucial choices at a time when the agency faces the need to deal with increasing demands for the goods and services provided by the National Forests while cutting employment and avoiding environmental degradation or increased spending.

Streamlining and Downsizing. During 1993 and 1994, the Forest Service has imposed a freeze on new hiring from outside the agency. The agency also participates in a continuing Departmentwide freeze on filling vacant positions at grade GS-13 and above. It has also identified specific job positions in the Pacific Northwest and California Regions which are surplus to agency needs due to the declining level of timber sales and related activities such as road construction. This will help meet the goals of "rightsizing" the agency to deal with a different mix of resource program activities and to contribute to the Administration's overall goal of reducing Federal employment, especially in the higher pay grades. The means by which the reduction will be accomplished will continue to emphasize attrition and outplacement of personnel from the West Coast to other areas of the country. Should early retirement legislation be enacted, it will be used to reduce the possible need for reductions in force.

Pacific Northwest. Following the April 1993 Forest Conference in Portland, Oregon, the President charged a Federal inter-agency team to develop a comprehensive, integrated approach to managing old-growth forests and their biological diversity west of the Cascade Range in Washington and Oregon, and in Northern California, and called for a similar analysis of the Eastside forests in Washington and Oregon. The Draft Forest Plan that the President subsequently approved identifies and protects key watersheds, old-growth forests, and numerous wildlife species including the northern spotted owl, the marbled murrelet, and the Pacific salmon. It also provides for a new land classification - Adaptive Management Areas -- where resource managers and local communities will be enabled to develop innovative approaches to achieving conservation objectives. Economic and social needs have been considered and the Plan calls for assistance for local workers, businesses, and communities. The Plan was the basis for a Draft Environmental Impact Statement (EIS) released on July 30, 1993. By the end of the public comment period on October 28, 1993, over 100,000 comments had been received. A final EIS and Record of Decision will be issued later in 1994. In both 1994 and 1995, the Forest Service will include funding to carry out the incremental requirements of the President's Plan.

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Forest Service Pacific Northwest Plan (Dollars in Millions)

Program	1994	1995
Watershed Assessment	\$26.0	\$19.0
Sustainable Timber Sales Program	0.0	27.5
Adaptive Management Areas	0.0	7.3
Ecosystem Planning and Monitoring	0.0	10.2
Ecosystem Restoration	20.0	16.0
Rural Community Assistance.	13.5	17.0
Total, Additional Expenditures	\$59.5	\$97.0

In addition to Forest Service funding, the President's Forest Plan is supported by funding from the Department's rural development program; from the Departments of Interior, Commerce, and Labor; and from the Environmental Protection Agency. Total Federal funding for 1995 is \$372.4 million, a 23 percent increase over 1994.

Climate Change Action Plan. In October, the President announced a plan to go beyond the program of research into global climate change and to take steps to stabilize emissions of greenhouse gases in the year 2000 at the 1990 levels. As part of this effort, the Forest Service will increase its existing program of research to improve the technology for recycling wood products by \$2.0 million in 1994 and continue that level in 1995. In addition, funding will be earmarked within the Stewardship Incentives Program to increase harvest efficiency and tree planting on nonindustrial private forests. This will involve \$1.7 million in 1994 and \$3.4 million in 1995.

Continuation of Initiatives. Several Presidential Initiatives begun in 1994 are continued in the 1995 budget:

- Natural Resource Protection and Environmental Infrastructure. This is an effort to protect and rehabilitate the National Forests' natural and cultural assets, restore public facilities, and improve public access. The 1994 budget proposed \$79 million for these activities, and \$45.9 million was funded in the 1994 Department of Interior and Related Agencies Appropriations Act. For 1995, the budget again calls for a \$79 million program.
- Forest Research Initiative. The National Research Council report, "Forestry Research: A mandate for Change" identified a critical need to strengthen forestry research in the United States. The 1994 budget proposed \$10 million to initially focus on ecosystem management research, and \$7.5 million was appropriated.

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The 1995 budget again proposes a \$10 million Forestry Research Initiative. About \$2.5 million of the funds will be used to provide the scientific research base for land management in the Pacific Northwest effort described above.

National Forest System. The Forest Service manages approximately 191 million acres of public land located in 44 States, Puerto Rico, and the Virgin Islands. The agency maintains a field staff located at 9 regional offices, 123 forest supervisor offices and about 630 ranger district offices.

- Timber. For 1995, the national timber sales level is estimated at 4.4 Billion Board Feet (BBF), essentially the same volume that was actually sold in 1992 and 1993. More than one-fourth of the volume, 1.2 BBF, is for the Pacific Northwest Region, representing the highest level consistent with full compliance with all applicable environmental regulations and statutory requirements. In addition to a lower sales volume, ecosystem management is resulting in qualitative changes in the timber program such as a significant reduction in clearcutting and the collection and analysis of more extensive environmental data in many locations during the planning, layout, and design of timber sales.
- Recreation and Trails. In 1986 the Forest Service spent 7.9 percent of its discretionary funds on recreation and trail operation, maintenance, and construction. The 1995 budget calls for 14.3 percent of discretionary funds to be spent on these activities -- nearly doubling the proportion over a ten-year period. Within a 7.5 percent reduction from the funding available in 1994, Forest Service recreation programs will continue to emphasize the improvement of customer service, formulation of partnerships, increased interpretation and environmental education, and enhancement of recreation opportunities. The Omnibus Budget Reconciliation Act of 1993 provided expanded authority to collect user fees at specific sites and Congressionally designated areas. As the legislation is implemented, recreation receipts are expected to increase from \$49.3 million in 1993 to \$61.0 million in 1995, a 24 percent increase.
- Range. The Administration supports reforms in the management of public rangelands and the fees charged for grazing on them. The budget is based on the reforms and fees announced by the Departments of Agriculture and Interior in August 1993. Under these reforms, the first year of increased grazing fees beyond those required by the current formula would be 1995.
- Wildlife & Fish. The National Forests provide habitat for more than 3,000 species of birds, mammals, reptiles, fish, and amphibians, as well as for some 10,000 plant species. Managing that habitat contributes to the quality of outdoor recreation such as hunting, fishing, and bird watching. In addition, habitat management is essential to solving conflicts between the requirements of the National Forest Management Act and the Endangered Species Act as they affect species viability and the desire of the public to use the forests for a wide variety of purposes. Total funding for Wildlife and Fish Management for 1995 is \$135.3 million, a 12 percent increase over 1994. Over

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half the funds are for threatened, endangered, and sensitive species or for anadromous fish, including the Pacific salmon.

Forest Research. The Forest Service maintains the world's largest forest research organization. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System. The Forestry Research Initiative and the Climate Change Action Plan are discussed above. A total of \$204.0 million is proposed for Forest Research in 1995, a 6 percent increase over 1994 and a 12 percent increase over 1993. In an era of constrained spending, the increases reflect a greater reliance on science to provide information for decision-making on a broad array of issues ranging from the characteristics of the Asian gypsy moth to the affects of wildfire in the urban/wildland interface.

International Forestry. The 1995 budget of \$10.0 million proposes a \$3.0 million (43 percent) increase in International Forestry activities. Half of the increase would be used to expand policy analysis, program development and planning, and cooperation with the Agency for International Development, the Food and Agriculture Organization of the United Nations, and the International Tropical Timber Organization. The other half of the increase will be used for technical assistance to Mexico, Brazil, Russia and Indonesia to help them with programs for protecting, conserving, and understanding forest ecosystems and to provide sustainable forest management.

State and Private Forestry. The Forest Service makes grants and provides technical assistance to State forestry agencies for protecting forest resources and improving forest management on nonindustrial private forest lands. Furthermore, the Stewardship Incentives Program provides cost-share assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. The activities involved in the Climate Change Action Plan and the Pacific Northwest Plan are discussed above. The 1995 budget proposes a \$13.4 million reduction in the Cooperative Fire Protection Program which provides grants and technical assistance to State wildfire fighting agencies. This reduction will not affect cooperative fire suppression with the States. The technical assistance effort will continue; however, financial assistance will be eliminated. A \$1.5 million program for Natural Resources Conservation Education is proposed which will establish partnerships between the Forest Service and the State foresters to help young people understand and appreciate the Nations's natural resources and learn how to conserve them.

MARKETING AND INSPECTION SERVICES

MISSION

The mission of Marketing and Inspection Services is to assure that the Nation's food supply is safe, that food and agricultural marketing is cost effective, and that markets are open and fair. Food safety programs assure that the Nation's meat, poultry and egg products supplies are safe, wholesome, unadulterated, properly labeled and packaged; and provide random testing of commodities for pesticide residues. Marketing programs develop commodity standards, provide grading services, disseminate market news, and maintain fair and open competition; adjudicate deceptive and fraudulent trading practices; protect the health and care of animals and plants; administer marketing orders and agreements; oversee industry financed research and promotion efforts; and provide technical assistance to serve wholesale market and transportation needs.

The Secretary's plan for reorganizing the Department proposes to merge the Federal Grain Inspection Service with the Packers and Stockyards Administration to be renamed as the Grain Inspection, Packers and Stockyards Administration. The new agency continues to be the smallest agency in this area.

The four agencies in this area will be reducing their administrative costs by consolidating the administrative functions into four "centers of excellence". Personnel functions will be assigned to the Food Safety and Inspection Service; administrative services will be assigned to the Animal and Plant Health Inspection Service; and, information resources and financial management will be assigned to the Agricultural Marketing Service. The administration of the centers will be coordinated by a chief operating officer reporting to the Assistant Secretary for Marketing and Inspection Services. These consolidations will result in a 10 percent reduction in administrative staff (-93 staff years) servicing the Marketing and Inspection Agencies for a savings of \$5 million per year when fully implemented.

The Agricultural Marketing Service and the proposed Grain Inspection, Packers and Stockyards Administration have identified 11 field offices for closure. The entire field office structure of 816 Marketing and Inspection Agency offices is being evaluated to determine which additional offices could be closed, consolidated, or collocated.

MARKETING AND INSPECTION SERVICES

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Slaughter Inspection	\$328.5	\$340.3	\$349.3
Direct Appropriation	(296.3)	(306.4)	(247.3)
Ongoing User Fees	(32.2)	(33.9)	(34.9)
New User Fees			(67.1)
Processing Inspection	150.5	156.5	159.5
Direct Appropriation	(122.8)	(127.3)	(101.8)
Ongoing User Fees	(27.7)	(29.2)	(30.0)
New User Fees			(27.7)
Import-Export	12.7	12.9	13.0
Direct Appropriation	(12.1)	(12.3)	(9.6)
Ongoing User Fees	(0.6)	(0.6)	(0.6)
New User Fees			(2.8)
Laboratory Services	27.1	26.5	26.7
Direct Appropriation	(23.9)	(23.1)	(17.8)
Ongoing User Fees	(3.2)	(3.4)	(3.5)
New User Fees			(5.4)
Grants to States	38.5	39.6	40.7
Pathogen Reduction Program	0.0	8.0	14.0
Subtotal	557.3	583.8	603.2
Trust Funds	2.0	2.0	2.0
Total, Program Level	559.3	585.8	605.2
Financed from Fees	-65.7	-69.1	-174.0
Total, FSIS Appropriations	\$493.6	\$516.7	\$431.2

The mission of the Food Safety and Inspection Service is to assure the Nation's meat and poultry supply is safe, wholesome, unadulterated, and properly labeled and packaged. Specific FSIS activities include:

- Slaughter Inspection. FSIS inspectors and veterinarians inspect all carcasses in slaughter plants for disease and other abnormalities, and sample for the presence

MARKETING AND INSPECTION SERVICES

of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter.

- Processing Inspection. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions.
- Import-Export Inspection. FSIS reviews inspection systems in countries exporting meat and poultry products to the U.S. and inspects imported products. Products destined for export markets are inspected by FSIS domestic inspectors at slaughter and processing plants for proper labeling and packaging in accordance with the destination country's standards.
- Laboratory Services. FSIS operates three laboratories and has agreements with two other private laboratories to perform scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed to identify the presence of pathogens, residues, additives, disease, and foreign matter.
- Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs. Currently, 27 States participate in the program.
- Pathogen Reduction Program. As part of the Food Safety Initiative, FSIS evaluates methods for the rapid detection of pathogenic microorganisms, conducts microbiological baseline studies, evaluates new inspection and production practices that may reduce the likelihood of bacterial contamination, and educates consumers on safe food handling practices.
- User Fees. Currently, user fees are collected to recover the cost of inspection from those establishments operating beyond regularly scheduled operations and on holidays.
- Trust Funds. Establishments requesting inspection services which are not mandated by law are charged a user fee to recover the full cost of the voluntary services provided.

The control of pathogenic microorganisms has always been an implicit goal of the Federal meat and poultry inspection program. The program has worked to achieve this through such activities as organoleptic inspection in slaughterhouses, daily inspection in processing plants, inspection of imported products, laboratory analyses, and consumer education. In order to improve inspection, a Pathogen Reduction Program was established in 1993 to reduce the likelihood that harmful pathogens will enter the food

supply. The multiagency program includes "pre-harvest" production activities, research on rapid detection methods, "post-harvest" inspection systems in slaughter and processing plants, education programs for food service and retail employees, and consumer education.

As part of the Administration's 1994 investment package, FSIS received \$8.0 million to develop new inspection methods, evaluate new production practices, and expand consumer education to improve the production and handling of meat and poultry products. In addition, the agency received funding to annualize the cost of 160 inspectors hired at the end of 1993 and to hire an additional 40 inspectors in 1994.

For 1995, improving the meat and poultry inspection system continues to be an Administration initiative. The budget request for FSIS includes an increase of \$5.8 million for its portion of the Pathogen Reduction Program. Of this amount, \$3.3 million will be used to expand the level of microbiological monitoring for baseline studies, to evaluate new slaughter and processing operations that have the potential to reduce the risk of microbiological contamination, and to broaden consumer education activities; \$2.2 million will be used to train inspectors in Hazard Analysis and Critical Control Point (HACCP) concepts; and, \$0.3 million will be used to establish a Center of Excellence for Food Safety and Animal Health Research at the University of Maryland-Eastern Shore. An additional \$7.7 million is included to hire and train 170 slaughter inspectors and 30 processing inspectors in 1995. These inspectors will be in addition to the 200 inspectors hired in 1993 and 1994.

For 1995, legislation will be proposed to provide FSIS the authority to recover 100 percent of the cost of providing inspection service beyond a primary approved shift. An estimated \$103.0 million is expected to be collected in new user fees. Currently, establishments that are able to schedule two eight-hour shifts in a day are provided inspection without charge and those that do not have enough production to warrant an additional shift must pay overtime fees for inspection beyond the hours of an approved schedule. To put large and small establishments on more equal footing, all establishments will be required to pay 100 percent of the costs of inspection services that operate beyond a primary approved shift. These fees will have a minimal impact on prices.

MARKETING AND INSPECTION SERVICES

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection	\$22.7	\$24.2	\$25.1
AQI User Fees	83.4	91.5	101.9
Screwworm	34.7	34.6	34.0
Other Programs	16.5	16.7	16.6
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance	60.3	59.9	59.4
Plant Pest Survey	22.4	16.7	13.1
Animal and Plant Health Regulatory Enforcement	5.8	5.8	5.9
Pest and Disease Management:			
Animal Damage Control Operations . . .	25.6	26.1	23.4
Aquaculture	0.0	0.0	0.5
Biological Control	3.8	2.8	2.6
Brucellosis eradication	31.0	31.0	25.8
Plant Pest Management	18.0	18.2	17.2
Pre-harvest Pathogen Reduction	0.0	0.0	5.7
Other Programs	39.0	40.6	34.8
Animal Care	9.5	9.8	9.6
Scientific and Technical Services	55.0	56.7	55.9
Contingency Fund	5.0	4.9	4.9
Emergency Programs	16.1	11.9	--
All Other	16.4	19.4	19.4
Total, APHIS Programs	465.2	470.8	455.8
Buildings and Facilities	10.4	10.1	7.0
Less Commodity Credit Corporation Transfers	-16.1	-11.9	0.0
Total, APHIS Appropriations	\$459.5	\$469.0	\$462.8

MARKETING AND INSPECTION SERVICES

The Animal and Plant Health Inspection Service mission is to protect U.S. animal and plant resources from diseases and pests. The major areas of activity are as follows:

- Inspection and quarantine at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for State, local, and private action;
- Administering domestic control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Reducing agricultural losses caused by wildlife damage;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and,
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

Agricultural Quarantine Inspection (AQI). The AQI program is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. Each person or bag entering this country could potentially be carrying an exotic pest capable of causing a major outbreak. Inspection techniques such as x-ray machines and detector dog teams are used to handle the increasing workload. APHIS began collecting fees for the AQI activities for international travelers in 1991. As of January 1993, the working reserve was adequate and the volume of air traffic enabled APHIS to lower some of its fees. The 1995 budget proposes \$127 million for AQI appropriated and user fee activities, an increase of \$11.3 million over 1994. The \$0.9 million increase in appropriations will provide for increased passenger inspection activities from Hawaii and Puerto Rico. The \$10.4 million increase in the user fee account reflects increased international traffic.

Screwworm. The Screwworm Eradication program protects the U.S. livestock industry by eradicating screwworms in Mexico and Central American countries. The agency is progressing toward establishing a permanent, sustainable sterile fly barrier south of Mexico. The 1995 budget proposes funding of \$34 million, a decrease of \$0.6 million below the 1994 current estimate. The decrease reflects savings for administrative efficiency and associated staff year reductions resulting from the Secretary's plan to streamline the Department.

Animal Health Monitoring and Surveillance (AHMS). The AHMS program conducts ongoing monitoring and surveillance of animal diseases, emergency disease preparedness and response, and animal health and epidemiology delivery. The \$59.4 million budget request for 1995 is a decrease of \$0.5 million from the 1994 current

estimate. This decrease reflects administrative efficiency savings and staff reductions resulting from the Secretary's plan to streamline the Department.

Plant Pest Survey. APHIS proposes a streamlined plant pest survey line item which would combine the current fruit fly detection, grasshopper (annual appropriations for surveys), miscellaneous plant pests, and plant pest detection line items; plus the survey and monitoring portions of the gypsy moth, noxious weeds, pink bollworm, and witchweed program line items. This streamlined program would provide early detection of exotic plant pests to prevent sustained infestations and will monitor the effectiveness of plant pest management programs. The 1995 budget requests \$13.1 million, a decrease of \$3.6 million from the 1994 current estimate. This decrease reflects administrative efficiency cost savings resulting from the Secretary's plan to streamline the Department and elimination of the imported fire ant and honey bee pests programs. APHIS will continue to evaluate the efficacy of regulatory treatments for preventing further spread of the imported fire ant; and coordinate the monitoring of Africanized honey bees and provide technical assistance to States upon request under the plant methods development line item.

Animal Damage Control (ADC) Operations. This program prevents and reduces damage caused by wildlife primarily to agricultural and natural resources as well as to human health and safety. The budget proposes funding of \$23.4 million, a decrease of \$2.7 million below the 1994 current estimate. APHIS will reduce current programs involving direct control and rely on States and private entities to assume greater responsibility for activities involving direct control of damage by predators.

Aquaculture. A new \$0.5 million program is proposed to assist the aquaculture industry in controlling aquatic diseases and pests and to facilitate commerce. APHIS proposes to initially implement control methods to reduce bird damage.

Biological Control. APHIS provides an integrated pest management approach to control agricultural pests of economic importance, usually in a cooperative effort with Federal and State agencies. The 1995 budget proposes funding of \$2.6 million, a slight decrease below the 1994 level.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. The 1995 budget proposes \$25.8 million for brucellosis eradication, a decrease of \$5.2 million below the 1994 current estimate. Nationwide there are 32 States, plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, in Class "Free" status; 17 States in Class "A" Status; and only 1 State in Class "B." Currently, the highest brucellosis infection level, "Class B", which is an infection rate less than 1.5 percent for the previous year, is in Texas. As of August 31, 1993, there were only 306 herds under quarantine for brucellosis compared to 487 herds at the end of September 1992. Brucellosis is expected to be eliminated from the United States by the end of 1998.

MARKETING AND INSPECTION SERVICES

Plant Pest Management. APHIS proposes a streamlined plant pest management line item which would include the current golden nematode, Mediterranean fruit fly, and Mexican fruit fly program line items; and the regulatory and control portions of the gypsy moth, noxious weeds, and the pink bollworm program line items. The 1995 budget requests \$17.2 million, a decrease of \$1 million from the 1994 current estimate. The decrease reflects administrative efficiency savings resulting from the Secretary's plan to streamline the Department.

In emergency situations, additional funding can be provided from other sources, such as the Commodity Credit Corporation (CCC). In 1993, \$16.1 million of CCC funds were used in a 50/50 cost-share to attempt to eradicate the Mediterranean fruit fly in cooperation with California and in cooperation with Oregon and Washington to eradicate the Asian Gypsy Moth. In response to recent Medfly outbreaks, the Department is supporting California in eradicating the Medfly on an area-wide basis, instead of the previous localized approach basis. This strategy involves the continuous release of sterile Medflies over approximately 1,500 square miles of the Los Angeles Basin.

Pre-harvest Pathogen Reduction. The 1995 budget proposes \$5.7 million for a new program to prevent human food-borne illnesses by reducing biological and chemical pathogens at the farm level. This program is part of the Department's Food Safety Initiative. The initial focus of the program will be risk assessment, Hazard Analysis and Critical Control Point systems, data collection and analysis, identification and traceback, and monitoring and surveillance to trace back and investigate food-borne disease outbreaks. In addition, APHIS will be cooperating with ARES and FSIS in funding a Center of Excellence at the University of Maryland - Eastern Shore to do work aimed at the problems of microbiological contamination of poultry products.

Buildings and Facilities. This separate APHIS appropriation requests \$7 million to fund repairs, alterations and renovations at existing facilities and structures. It is comparable to the 1994 appropriations for such purposes.

MARKETING AND INSPECTION SERVICES

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Agricultural Marketing Programs:			
Market News	\$19.7	\$19.5	\$19.4
Inspection and Standardization	16.9	17.4	11.6
Financed from New User Fees	0.0	(4.4) <u>a/</u>	6.1
Market Protection and Promotion	14.6	15.6	16.5
Wholesale Market Development	2.3	2.3	2.3
Transportation Services	2.6	2.6	2.6
Payments to States	1.3	1.3	1.3
Subtotal, Agricultural Marketing Programs	57.4	58.7	59.8
Section 32 Funds:			
Marketing Agreements and Orders	9.6	10.3	10.4
Commodity Purchase Services	5.0	6.1	6.1
Perishable Agricultural Commodities Act Trust Fund	7.4	7.8	7.9
Ongoing User Fees and Trust Funds	149.8	156.9	158.0
Total, AMS	\$229.2	\$239.8	\$242.2

a/ The 1994 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act allows AMS to recover the cost of developing commodity standards through user fees and deposited into the Treasury general fund.

The mission of AMS is to assure that agricultural marketing is competitive, fair, and cost effective. For 1995, the AMS budget proposes a program level of \$242.2 million of which \$172.0 million (71 percent) would be funded by user fees. Specific AMS activities include the following:

Agricultural Marketing Programs. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, inspection of egg products, development of grade standards, assuring fair trade practices among buyers and sellers, random testing of commodities

MARKETING AND INSPECTION SERVICES

for pesticide residues, promotion of agricultural products, and research and technical assistance aimed at improving efficiency of food marketing and distribution.

The 1995 budget includes the following programmatic changes:

- An increase of \$0.4 million to purchase equipment and perform temperature testing of egg packing plants and transportation vehicles to ensure compliance with recent amendments to the Egg Products Inspection Act. These amendments require eggs to be held at 45 degrees Fahrenheit ambient temperature after packing.
- Legislation will be proposed to collect \$1.7 million in user fees for providing inspection services to egg processing plants beyond an approved primary shift.
- Legislation will be proposed to permit AMS to retain fees for the development of agricultural commodity standards without fiscal year limitation. This proposal would eliminate the need for appropriated funding.
- An increase of \$1.2 million to establish a Center of Excellence in World Food Distribution Training at Prairie View A&M University, in collaboration with Texas A&M University, Texas A&M International University, and Texas A&I University Kingsville.

Section 32 Funds. These funds are used to administer marketing agreements and orders at the national level and for public hearings and producer referenda. Administration at the local level is financed through handler assessments. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic feeding programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal Government.

Perishable Agricultural Commodities Act Trust Fund. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee assessed against marketers of such products.

Ongoing User Fees and Trust Funds. AMS provides inspection, commodity grading, and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

MARKETING AND INSPECTION SERVICES

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Total, GIPSA	\$66.2	\$66.4	\$66.3

The Grain Inspection, Packers and Stockyards Administration, proposed under the Secretary's reorganization plan for the Department, would be a newly consolidated agency to administer the activities of the former Federal Grain Inspection Service and Packers and Stockyards Administration. The Grain Inspection activities include the establishment of official U.S. standards for grain, official weighing and grain inspection activities, and inspection of other agricultural products, such as rice, dry beans and peas, processed grain products, and hops. The Packers and Stockyards (P&S) activities provide assurance for the integrity of the livestock, meat, and poultry markets, and the market place. Market integrity is maintained through fair and open competition and guarding against deceptive and fraudulent practices which affect meat and poultry prices. Producers, consumers, and industry are protected from unfair business practices which can unduly affect meat and poultry distribution and prices.

The 1995 budget proposes a total program level of \$66.3 million. This program would be funded through \$60 million in fees and \$6.3 million in appropriations from the taxpayers.

The 1995 budget requests a \$54.1 million total program level for Grain Inspection. At \$6.3 million, the appropriated funds would provide \$4.5 million for compliance activities and \$1.8 million for Methods Development. Methods Development provides the objective tests and methods for determining grain quality and also establishes the criteria and specifications for grain inspection instrumentation. It is estimated that \$42.8 million will be collected from inspection and weighing user fees. The 1995 budget also proposes legislation to authorize the collection of \$5 million in new user fees to cover the costs of developing and revising grain standards.

The 1995 budget proposes legislation to authorize the collection of \$12.2 million of license fees to cover all of the costs associated with administering the Packers and Stockyards Act (the Act). License fees would be applied to those subject to the Act (i.e., packers, stockyards, market agencies, livestock dealers, meat brokers, dealers and distributors). The legislative proposal includes a one-time appropriation of \$3.5 million for start-up costs and to capitalize a 3-month operating reserve.

RESEARCH, EDUCATION AND ECONOMICS

MISSION

The mission for Research, Education and Economics is to address the agricultural, food and natural resource needs of people through the conduct and delivery of integrated research, education, economic and statistical programs and services. The existing agency structure will be streamlined by combining the programs of the Agricultural Research Service, the Cooperative State Research Service, the Extension Service and the National Agricultural Library into the Agricultural Research and Education Service (ARES). A full integration of program planning and administrative functions will lead to improved coordination of intramural and extramural research programs and enhanced delivery of new technology in partnership with the States. A closer organizational relationship of the Economic Research Service and the National Agricultural Statistics Service with the research agencies will improve research administration and management.

In addition to these headquarters level consolidations, the budget reflects the plan to streamline field operations by eliminating lower priority laboratories and consolidating administrative functions. Labs to be closed are those that are not conducting high priority research and those where facilities are significantly outmoded and programs can be relocated to other existing facilities.

The initial focus in implementing the new organizational structure will be on reorganizing the headquarters program and administrative management units. Savings of nearly 600 staff years will accrue by 1998 but immediate benefits in terms of lower costs and enhanced program coordination and integration will result.

AGRICULTURAL RESEARCH AND EDUCATION SERVICE (ARES)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Federal Agricultural Research Programs .	\$668.0	\$691.6	\$708.6
Partnership Research & Academic Prog .	433.0	456.6	421.4
Partnership Education Programs	427.2	436.2	432.7
National Agricultural Library	17.7	18.3	19.7
Research Facility Construction	86.6	89.6	25.7
Total, ARES	<u>\$1,632.5</u>	<u>\$1,692.3</u>	<u>\$1,608.1</u>

RESEARCH, EDUCATION AND ECONOMICS

Reorganization of USDA's research and extension programs as part of the Secretary's Departmentwide plan will lead to the consolidation of four separate research and extension agencies into the Agricultural Research and Education Service (ARES). The 1995 budget proposal reflects the initial anticipated savings which will accrue as a benefit of the consolidation. Major components of ARES include:

- Federal Agricultural Research -- research conducted at over 120 labs staffed with Federal scientists and technicians.
- Partnership Research and Academic Programs -- funding for research conducted in partnership with the land grant universities and through competitive grants awarded to the most meritorious projects.
- Partnership Education Programs -- funding for extension education conducted through State partners to serve the needs of farmers, ranchers, consumers and the population generally.
- National Agricultural Library -- one of three national libraries, devoted to preservation and dissemination of agricultural and natural resources information.

Agricultural Research and Education Service Federal Agricultural Research Programs Program Level (Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Soil and Water Conservation	\$83.2	\$84.9	\$83.3
Plant Science	243.5	247.8	248.7
Animal Science	108.8	115.5	111.6
Commodity Conversion and Delivery ..	127.9	138.3	156.7
Human Nutrition	51.2	50.7	54.5
Integration of Agricultural Systems ...	25.6	28.5	28.1
Subtotal, Research	640.2	665.7	682.9
Repair and Maintenance	17.1	17.4	17.4
Contingency Research Fund	0.9	0.9	0.9
Trust Funds	9.8	7.6	7.4
Subtotal, Federal Research	668.0	691.6	708.6
Buildings and Facilities	34.5	32.7	25.7
Total, Federal Agric. Res. Programs	<u>\$702.5</u>	<u>\$724.3</u>	<u>\$734.3</u>

RESEARCH, EDUCATION AND ECONOMICS

Basic and applied research is conducted at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities and support of USDA regulatory and technical assistance programs. ARES is the lead Federal agency for human nutrition research and operates five major labs for this research. In total, ARES conducts research at 126 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARES center which is also the world's largest multi-disciplinary agricultural research facility.

The 1995 budget reflects a net increase of \$17 million for Federal research. Within the total, the agency will be redirecting funds from a number of lower priority research projects to fund higher priority work. Refocused funds will enable researchers to:

- improve meat and poultry production and processing methods to enhance food safety;
- develop alternatives to methyl bromide, an important compound used for soil fumigation and quarantine treatments; and,
- develop alternative pest control technologies that will enable producers to reduce the use of pesticides.

In addition to refocusing research to higher priorities, the budget recognizes the need to streamline and modernize the Federal agricultural research infrastructure. Lower priority lab locations will be closed, resulting in reduced overhead costs for remaining facilities. Locations to be closed are those engaged in lower priority research, where facilities are severely outmoded and where other conditions contribute to a poor research environment. These actions will permit the redirection of funds from administrative overhead to bench level research in pursuit of solutions to producer and consumer needs.

Pursuit of research opportunities with sophisticated advanced methods requires the availability of modern laboratories with capabilities not envisioned when most ARES buildings were constructed. Included in the 1995 budget is \$25.7 million to continue a facility modernization program at six major ARES research locations.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is the primary focus of this research program. Environmental concerns associated with farming and ranching continue to receive attention from the industry and the general public. Scientists will pursue opportunities to develop technologies to compost agricultural, industrial and municipal wastes for beneficial uses. Federal research also will be directed to continuing high priority programs in global change, water quality and sustainable farming systems.

Plant Science. Ongoing research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term improvements in crop production. Food processors and consumers are increasingly concerned about pesticide residues on food products. Use of crop protection chemicals remains an important factor in profitable farming systems, but there are opportunities to reduce the amount of chemicals used. A \$10 million increase is proposed to develop biological pest controls and to develop and test on a large scale improved integrated pest management strategies. In addition, \$2.5 million are proposed to provide additional support for the U.S.-Israel Binational Agricultural Research and Development (BARD) Program. Competitively awarded BARD grants support highly meritorious science conducted by U.S. and Israeli scientists in subject areas of interest to both countries.

Animal Science. Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of emphasis include disease prevention, genetics and genome mapping, reproduction, nutrition and food quality and safety concerns. Although specific increases are not proposed within this category, research on composting and food safety issues described elsewhere will generate valuable information for the livestock and poultry sectors.

Commodity Conversion and Delivery. Research focuses on food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities. Research also addresses current issues such as the development of alternatives to methyl bromide for quarantine treatments. A proposed increase of \$10 million will permit scientists to develop the basis for alternative soil fumigation and quarantine treatments. Another high priority research area is the reduction of pathogens in meat and poultry products. An increase of \$15 million is proposed within commodity conversion in 1995 to permit scientists to explore on-farm and post-harvest means to control pathogens. Research will be closely coordinated with the Food Safety and Inspection Service and other agencies to assure the ultimate success of programs to improve food safety for American consumers.

Human Nutrition. Five Federal research centers are dedicated to developing a better understanding of human nutrition needs of children, the elderly, pregnant and lactating women, and healthy adults. Results of this work clarify the mechanisms of food components in reducing chronic disease risk and define nutrient interactions. ARES research is closely coordinated with nutrition programs in USDA and the Department of Health and Human Services. Expanded research in this area in 1995 will support the implementation of new food labeling requirements.

Integration of Agricultural Systems. Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Results include the development of decision support systems for education and technical assistance programs to assist producers in making production decisions and managing natural resources.

Building and Facilities. Innovative research depends upon the availability of modern facilities to solve complex problems through the application of advanced research approaches. Many of the major facilities available to ARES researchers were constructed prior to 1960 and are functionally obsolete and in need of major modernization to correct health and safety code violations. A total of \$25.7 million is proposed in 1995 for facilities improvements at six priority ARES locations.

- Albany, California (\$5.6 million) - phase seven of an ongoing modernization program.
- Montpellier, France (\$2.6 million) - construction of a replacement facility for biocontrol research.
- Peoria, Illinois (\$4.3 million) - modernization of research facilities.
- New Orleans, Louisiana (\$3.2 million) - phase seven of an ongoing chemical wing modernization program.
- Beltsville, Maryland (\$5 million) - continued funding for modernization consistent with major facility study.
- Plum Island, New York (\$5 million) - continued modernization of foreign animal disease facility.

RESEARCH, EDUCATION AND ECONOMICS

Agricultural Research and Education Service Partnership Research and Academic Programs Program Level (Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Hatch Act Formula	\$168.8	\$171.3	\$171.3
1890 Colleges and Tuskegee Formula . .	27.4	28.2	28.2
Cooperative Forestry Formula	18.5	20.8	20.8
Animal Health and Disease Formula (Section 1433)	5.6	5.6	5.6
National Research Initiative:			
Natural Resources and Environment . .	18.0	23.8	27.0
Plants	40.0	43.9	47.0
Animals	25.0	25.0	29.5
Nutrition, Food Safety and Health	6.5	8.0	11.0
Processes and New Products	4.0	7.5	9.0
Markets, Trade and Rural Development	4.0	4.0	6.5
Total, NRI	97.5	112.2	130.0
Special Research Grants	73.4	72.9	29.7
Sustainable Agriculture	6.7	7.4	8.8
Aquaculture Centers	4.0	4.0	4.0
Supplemental and Alternative Crops	1.2	1.8	1.8
Critical Agricultural Materials Act	0.4	0.5	0.0
Rangeland Research Grants	0.5	0.5	0.5
State Agricultural Weather Information System	0.4	0.0	0.0
Federal Administration	10.5	12.1	1.3
Higher Education	7.9	8.9	8.9
1890 Capacity Building Grants	10.3	10.6	10.6
Total, Programs	433.0	456.6	421.4
Buildings and Facilities	52.1	56.9	0.0
Total, Partnership Res. & Academic . .	\$485.1	\$513.5	\$421.4

USDA funds agricultural research conducted in partnership with the State Agricultural Experiment Stations (SAES) and other institutions. Competitive grant programs also fund scientifically meritorious research at universities, Federal labs, private organizations and other institutions. Under the new organizational structure, scientists and administrative personnel will continue to work with the university system to coordinate planning and review programs and projects.

Hatch, 1890 Colleges, Cooperative Forestry and Animal Health Formulas. Formula distributions to the SAES and other institutions through the Hatch Act, cooperative forestry and animal health and disease programs provide non-earmarked funds to conduct agricultural research at the discretion of recipient institutions. Evans-Allen formula funds support research at the 1890 Colleges and Tuskegee University, the historically black land-grant schools. These programs provide non-earmarked funding for research in food and agricultural sciences and forestry. On a nationwide basis, Hatch Act formula funds represent roughly 8 percent of the research funding at State Agricultural Experiment Stations and formula funds provide nearly 100 percent of the research funding at the 1890 Colleges and Tuskegee University.

National Research Initiative. A significant feature of the 1995 extramural research budget is additional funding for the National Research Initiative (NRI). A wide range of environmental and health and nutrition concerns have added additional complexity to production management decisions faced by agricultural producers. At a national level, there is interest in assuring the safety of the food supply, providing systems for sustainable food and fiber production, improving nutritional status, enhancing international competitiveness and providing opportunities for rural residents. Revolutionary developments in the biological sciences have equipped scientists with powerful new tools to solve these traditional and emerging challenges. An increase of \$17.8 million is proposed for the NRI to fund the most highly meritorious research proposals in six categories: Natural Resources and Environment; Plants; Animals; Nutrition, Food Safety and Health; Processes and New Products; and Markets, Trade and Rural Development. Work to map economically important crop plant genes will be continued at an estimated level of \$13 million in 1995.

Special Research Grants. Special Research Grants fund research on designated problem areas at land-grant universities and other institutions. Research grants which target local issues or those which benefit limited specific business sectors are not included in the budget. Research previously funded through these earmarked grants could be funded by the beneficiaries or through the peer-reviewed NRI. Funds are proposed for eight national priority special grant programs.

- Global Change (\$3 million) - funding for the development and operation of a ground-based UV-B monitoring network.
- Integrated Pest Management and Biological Control (\$7 million) - this grant supports the development of improved integrated pest management systems, including biological controls and provides funding to address emerging pest issues. Increases

are proposed for this program as part of the Administration's policy to reduce the risk from pesticide use.

- Minor Use Animal Drugs (\$650,000) - funding to conduct research necessary to obtain FDA clearance of drugs to treat less common diseases and to assist production of less frequently produced (minor) species, including aquacultural species.
- National Biological Impact Assessment Program (\$300,000) - this program supports a database to monitor the impacts of biotechnology.
- Pesticide Clearance (\$10.8 million) - this grant supports research necessary to obtain EPA registration of pesticides for minor crops, including most fruits and vegetables and ornamental nursery crops.
- Pesticide Impact Assessment (\$3 million) - this program supports collection and analysis of data on pesticide use and benefits for use in EPA reregistration actions.
- Rural Development Centers (\$500,000) - funding to support research at regional rural development centers.
- Water Quality (\$4.5 million) - funding for water quality research at universities and other institutions as part of the overall USDA Research Plan for Water Quality.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer purchased inputs. There is a need to conduct scientific research to develop and improve these management practices for adoption in a wide variety of climate, soil and crop settings. Funds are proposed to expand a program in all regions of the country which involves farmers, ranchers and other interested parties in determining program priorities and grant awards. Sustainable agriculture research is also conducted through the State Agricultural Experiment Stations and at Federal labs.

Aquaculture Centers. Aquaculture is the fastest growing sector of American agriculture and there are additional opportunities to meet growing demands for fisheries products through aquaculture. Five regional centers support a variety of projects in genetics, nutrition, health, processing and marketing to support the growth of this sector of agriculture which offers the potential to enhance the rural economy and lower the current trade deficit in fisheries products.

Supplemental and Alternative Crops. Agriculture offers a potential source of raw materials for industrial uses which are now supplied through imported products. As part of a Governmentwide initiative to develop advanced materials, research will be conducted to characterize vegetable oils and develop processes to convert these commodities into high value industrial inputs. Work will be conducted in cooperation with universities and private industry to assure commercial relevance.

RESEARCH, EDUCATION AND ECONOMICS

Higher Education. Funds are proposed to continue successful ongoing programs which support graduate education and improve instructional capabilities in the food and agricultural sciences. Continued funding is proposed for the 1890 Capacity Building Grants Program which supports partnerships between historically black 1890 institutions and USDA agencies to improve the research and instruction programs at those schools. Funding is also proposed for the Multicultural Scholars Program to encourage the development of minority talent in the agricultural and closely related sciences. Competitively awarded grants are made to institutions which recruit the undergraduate scholars. Grants provide three years of support and the institution provides financial support for the student's final year of instruction.

RESEARCH, EDUCATION AND ECONOMICS

Agricultural Research and Education Service Partnership Education Programs Program Level (Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Smith-Lever 3(b&c) Formula	\$262.7	\$271.6	\$271.6
1890 Colleges and Tuskegee University Formula	24.7	25.5	25.5
D.C. Extension	1.0	1.0	1.0
Renewable Resources Extension	2.8	3.3	3.3
National Interest Programs:			
Water Quality	11.4	11.2	11.2
Youth at Risk	10.0	10.0	10.0
Food Safety	1.5	2.0	3.0
Low Income Nutrition (EFNEP)	60.5	61.4	61.4
Nutrition Education Initiative	3.5	4.3	4.3
Sustainable Agriculture	0.0	3.0	5.0
Pest Management	8.2	8.5	10.5
Pesticide Impact Assessment	3.4	3.4	3.4
Pesticide Applicator Training	0.0	0.0	2.0
Farm Safety	2.7	3.0	1.0
Rural Development Centers	1.0	1.0	1.0
Agricultural Telecommunications	1.2	1.2	1.2
Rural Health and Safety Education	2.0	2.0	2.3
Indian Reservation Extension Agents	1.8	1.8	1.8
Other Earmarked Programs:			
Rural Technology Grants	1.0	1.5	0.0
Urban Gardening	3.6	0.0	0.0
Disadvantaged Farmer Assistance (Section 1440)	2.6	0.0	0.0
Federal Administration	10.2	11.2	5.3
1890 Extension Facilities	7.9	7.9	7.9
1993 Flood Relief Supplemental	3.5		
1994 Integrated Pest Mgmt. Supplemental		1.4	
Total, Partnership Education Programs	<u>\$427.2</u>	<u>\$436.2</u>	<u>\$432.7</u>

USDA provides national leadership and coordination for the planning and support of education and technology transfer programs which are carried out in partnership with the States. Extension programs assist individuals and communities in identifying and solving farm, home and local problems through the application of information developed by USDA and the land-grant universities. Federal funds, which provide about one-third of Cooperative Extension funding nationwide, are distributed to the States by statutory formula and on a merit-basis.

Smith-Lever 3(b&c), 1890 Colleges and D.C. Extension Programs. These formula programs provide non-designated support for education and technology transfer programs conducted through the partners of the Cooperative Extension System.

National Interest Programs.

- Water Quality - extension provides education programs to encourage the voluntary adoption of environmentally benign farm management practices.
- Youth at Risk - competitively awarded grants support community-based programs which provide educational opportunities to youth and families at risk. Local matching funds are required.
- Food Safety - increased funding is proposed to support the development and delivery of educational programs for food producers and handlers to encourage adoption of practices that can limit contamination by pathogens and other hazards.
- Expanded Food and Nutrition Education Program (EFNEP) - funds distributed under a legislative formula to States to support nutrition education for low-income families.
- Nutrition Education - nutrition education to improve the dietary habits of WIC recipients.
- Sustainable Agriculture - an expanded program will support the development of databases, decision support systems and training materials to encourage the adoption of sustainable production systems.
- Pest Management - education to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques. An increase in 1995 is proposed in support of the Administration's goal to reduce risks from pesticides.
- Pesticide Impact Assessment - funding to support the collection and analysis of pesticide use and benefits data for EPA registration decisions.

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- Pesticide Applicator Training - education for users of pesticides including farm, commercial and urban audiences.
- Farm Safety - education for farmers to reduce occupational injuries and training for rural emergency rescue personnel to better respond to farm accidents.
- Rural Development Centers - extension activities at these centers assist rural communities in meeting needs for leadership, infrastructure and business development.
- Agricultural Telecommunications - continued support for the development and delivery of programs on food and agriculture topics through electronic technology systems.
- Rural Health and Safety Education - modest expansion of a pilot program in Mississippi to develop training programs for rural health professionals.
- Indian Reservation Extension Agents - continued support for professional extension agents on Indian reservations.

1890 Facilities Program. Funds for the construction and renovation of research and extension facilities at the historically black 1890 land-grant institutions are maintained at the 1994 level.

Agricultural Research and Education Service
National Agricultural Library
Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
National Agricultural Library	\$17.7	\$18.3	\$19.7

The National Agricultural Library (NAL), located in Beltsville, Maryland, is one of the three national libraries along with the Library of Medicine and the Library of Congress. The NAL collects and preserves agricultural information in the form of books, periodicals, and electronic journals and provides this information to scientists, extension specialists, researchers, farmers and the general public. NAL provides access to agricultural information through its AGRICOLA database as well as CD-Roms. Initiatives are proposed for 1995 to effect a transition from providing information services based on printed materials to producing, managing, disseminating, preserving, and storing

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agricultural information in electronic formats. The 1995 proposal also includes increases to offset increased costs of library services, including collection, development and document delivery. The increased funding proposed for 1995 will ensure that the library is utilizing the most advanced tools to disseminate information to the public more quickly and efficiently than ever before.

ECONOMIC RESEARCH SERVICE (ERS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Economic Research Service	\$58.9	\$55.3	\$53.7

ERS provides agricultural economic information and analysis that address the concerns and the decision-making needs of farmers, consumers, extension workers, private analysts, processors, marketers, and government officials. For example, ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of rural areas, including U.S. agricultural production and marketing; and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and the public. ERS is continuing its streamlining efforts.

The 1995 budget proposes a net decrease of \$1.6 million below the 1994 estimate, consisting of:

- a decrease of \$2.2 million associated with a reduction of 31 staff years to continue the plan to streamline ERS, while refocusing ERS analyses on the Department's most essential issues. The reduction will be achieved through a combination of improved program efficiencies, consolidation of staff around issues and subject matters most essential to the Department's policy-making needs, and reductions in travel, training, meeting participation, data purchases and support services.
- an increase of \$0.6 million for pay costs and inflation.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
National Agricultural Statistics Service . .	\$81.0	\$81.8	\$89.4

NASS collects and reports statistical data on crop and livestock production, inventories, prices and other agricultural economic indicators. It provides critical data for use within the Department as well as for farmers, marketers, private and public sector analysts and officials. Agricultural estimates are made by a central office in Washington, D.C., and by State Statistical Offices which are typically operated as joint State and Federal services. The agency also conducts and coordinates research on statistical techniques. NASS will streamline its operation by continuing to fully integrate its functions between Headquarters and State offices, decentralizing certain activities, and adopting new sampling technologies.

The 1995 budget includes a net increase of \$7.6 million, consisting of:

- an increase of \$6.2 million and 30 staff years for expanded pesticide surveys. The Secretary, the Administrator of EPA and the Commissioner of FDA have agreed to work jointly toward the reduction of pesticide use. In order to accurately analyze the impact of chemical use and make recommendations based on fact, reliable data is needed for crops and States in addition to the pesticide use data currently provided under the Pesticide Data Program. \$3.3 million is requested for this data expansion effort. NASS would expand its chemical use surveys to include 13 additional States and will add 10 additional crops, including "minor" or specialty crops. Also, \$2.9 million is requested for the collection of restricted use pesticide data as required by the FACT Act of 1990. Section 1491 requires all certified applicators of restricted use pesticides to maintain records of usage and requires the Secretary and the Administrator of EPA to develop a data base sufficient to publish comprehensive reports on agricultural and non-agricultural pesticide use to be made available to Congress each year. The EPA recently received special funding from Congress to implement the non-agricultural survey requirements; however, the Department did not receive funding to perform the agricultural component. The funding requested in the 1995 budget will allow NASS to account for total agricultural restricted pesticide use by product and by commodity for the Nation.
- an increase of \$1.3 million for pay costs and inflation.

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- an increase of \$1.1 million to distribute farm list maintenance systems and survey processing systems to local area networks in State Statistical Offices, which will result in substantial cost savings. A distributed processing environment will significantly reduce the cost of mainframe communications and processing. To capture the savings, NASS will reduce its budget by \$250,000 in 1996 and by \$1.35 million in 1997.
- a decrease of \$1.1 million and 24 staff years, through attrition at Headquarters and in the field, to support the Secretary's streamlining efforts and the President's Executive Order mandating a reduction in Federal employment. Programs will remain at their current level through program efficiencies. NASS will work with State cooperators and data users to strengthen the Federal-State cooperative program.
- an increase of \$455,000 to cover higher reimbursement costs for enumerators who are employed by the National Association of State Departments of Agriculture and whose salary increases are not covered by Federal pay cost increases. This increase will allow NASS to maintain the current sample sizes and reliability of USDA's basic crop and livestock estimating program.
- a decrease of \$273,000 for administrative reductions in areas such as travel, training, supply purchases, printing and reproduction costs, and utility usage, to support the Secretary's streamlining efforts.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES

The Departmental offices provide management leadership and support for all areas of operation in the Department of Agriculture. Under the Secretary's proposed reorganization plan, the Department will be structured around six main missions and will be streamlined to provide services to our constituents in a more efficient way. The reorganization plan will create a new Executive Operations organization to provide a stronger support team for the Office of the Secretary/Deputy Secretary. One of the many activities involved with the Secretary's plan to streamline the Department, is the consolidation of administrative functions under the Under and Assistant Secretaries. A board of directors will be established within each of the six main program areas to review the consolidated administrative operations. The Department's Chief Financial Officer and the Assistant Secretary for Administration will sit on each of the boards along with other senior officials in each area to assure that the Department's most significant management problems are addressed in a timely way and at the highest levels of the Department. The Assistant Secretary for Administration is also responsible for leadership of the Department's effort to respond to the President's direction to establish labor-management partnerships and involve labor representatives in all efforts to reinvent Government and to implement other National Performance Review objectives.

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Departmental Offices:			
Office of the Secretary	\$9.2	\$9.5	\$9.6
Executive Operations:			
Chief Economist	3.6	3.8	3.9
Office of Budget and Program Analysis	5.8	5.9	5.9
National Appeals Division	9.8	9.9	9.9
Chief Financial Officer	4.6	5.0	5.9
Total, Executive Operations	23.8	24.6	25.6
Departmental Administration			
Staff Offices	21.4	21.8	23.0
Office of Communications	8.4	8.0	7.8
Office of the Inspector General	62.8	65.5	63.0
Office of the General Counsel	24.5	26.0	26.2
Total, Departmental Offices	\$150.1	\$155.4	\$155.2

DEPARTMENTAL ACTIVITIES

The 1995 budget for the Departmental Offices reflects a three percent reduction in administrative expenses from the amount available in the 1994 budget adjusted for inflation; an increase for non-salary costs and a pay increase.

Office of the Secretary. The proposed reorganization plan establishes six basic missions for the Department. This account funds the immediate offices of the Secretary, Deputy Secretary, Under Secretaries, and the Assistant Secretaries as they direct and coordinate the work of the Department around the six missions. The responsibilities of these officers include developing policy and maintaining liaison with the Executive Office of the President and members of Congress on matters pertaining to USDA programs. The overall mission of these officers will remain unchanged. However, the account will now fund the new Assistant Secretary for Communications and will no longer fund the Chief Financial Officer or the former Assistant Secretary for Economics (now the Chief Economist).

Executive Operations. Under the proposed reorganization plan, Executive Operations will provide a stronger support team for the Office of the Secretary/Deputy Secretary. This newly configured team will include the Chief Economist, the Office of Budget and Program Analysis, the National Appeals Division, the Chief Financial Officer and the Office of the Executive Secretariat.

Chief Economist. The Chief Economist, supported by the Economic Analysis Staff, will serve as a key policy advisor to provide objective analysis on the impacts of policy options on the agricultural and rural economy as well as on consumers and taxpayers. The Chief Economist will also be responsible for the coordination and review of economic information in an effort to continue to improve the Department's projections of the agricultural economy. Under the Chief Economist, the World Agricultural Outlook Board will serve as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture projections, and coordinate clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

Office of Budget and Program Analysis (OBPA). Under the proposed reorganization, the mission of OBPA will remain unchanged. This office will continue to provide direction and administration of the Department's budgetary functions; review program and legislative proposals for program and budget related implications; analyze program resources issues and alternatives; and provide Departmentwide coordination for and participation in the presentation of budget related matters to the committees of the Congress, the press and the public. OBPA also provides Departmentwide coordination of the preparation and processing of the legislative program and legislative reports and Departmentwide coordination and processing of regulations.

National Appeals Division (NAD). Under the proposed reorganization plan, a NAD will make final determinations on all administrative appeals of program decisions rendered by the Farm Service Agency, the Rural Community Development Service, the Rural

DEPARTMENTAL ACTIVITIES

Business and Cooperative Development Service, and the Natural Resource Conservation Service. To ensure the fair treatment of all USDA clientele, this organization will be established independent from the agencies that administer the USDA programs. The consolidation of the appeals staff within one organization will provide a more streamlined and coordinated process for USDA program appeals.

Chief Financial Officer (CFO). The Department has established the office of the CFO separate from the Assistant Secretary for Administration. This office is responsible for the continued direction and oversight of the Department's financial management operations and systems. The Office of Finance and Management (OFM) will provide staff support for the CFO. One of the CFO's oversight responsibilities under the reorganization plan, in coordination with the Assistant Secretary for Administration, will be to review the activities of the "lead agency" or "centers of excellence" that will be responsible for the administrative operations under the Department's Under/Assistant Secretaries.

The 1995 request earmarks \$5.3 million for OFM which includes an increase of \$759,000 and 11 staff years above the 1994 appropriation for OFM. The additional funds are requested to implement much needed financial systems oversight as required by the CFO Act, to correct deficiencies in the Department's financial management systems that have been identified by OFM and the USDA Inspector General, and to provide better stewardship over the substantial resources entrusted to USDA.

Office of the Executive Secretariat (OES). Under the proposed plan, OES will continue to provide management of the Department's executive correspondence system. This function will continue to be funded from the working capital fund (WCF) which is used to finance services provided to USDA and non-USDA agencies on a centralized basis. The WCF does not receive an appropriation. Rather, the costs of providing services through the WCF are recovered from each agency based on the level of service provided.

Departmental Administration (DA) Staff Offices. Under the proposed reorganization plan, the Assistant Secretary for Administration will continue to oversee the Departmental Staff Offices (except OFM). As in the past, the Staff Offices will provide overall direction, coordination and technical assistance to USDA's agencies in the development and implementation of Departmental policies for the administrative management functions of the Department.

One of the Assistant Secretary's oversight responsibilities under the reorganization plan will be to review the activities of the "lead agency" or "centers of excellence" that will be responsible for the administrative operations under the Department's Under/Assistant Secretaries. The Assistant Secretary will coordinate these reviews with the CFO. The Assistant Secretary will also perform an important leadership role in the establishment of labor-management partnerships.

DEPARTMENTAL ACTIVITIES

The Staff Offices under the jurisdiction of the Assistant Secretary include: Operations (OO), Personnel (OP), Information Resources Management (OIRM), and Civil Rights Enforcement (OCRE), the Administrative Law Judges and Judicial Officer, Emergency Programs and Small and Disadvantaged Business Utilization.

The 1995 request for Departmental Administration includes increases to provide stronger centralized oversight to correct deficiencies. These improvements should result in savings to the Department over the long-term. The specific increases are as follows:

Personnel. The request includes an increase of \$400,000 for automation of OP's information management systems to give the office improved capability to provide effective central leadership over the Department's personnel programs. In addition, the automation project will be important to OP's efforts to assist USDA agencies in their efforts to reorganize.

Operations. The request includes an increase of \$403,000 and 2 staff years to strengthen oversight of the Department's procurement and property management systems as we reinvent the way the Government conducts business.

Civil Rights Enforcement. The request includes an increase of \$300,000 and 4 staff years to strengthen the Department's capacity to lead, coordinate, and monitor civil rights compliance in USDA programs. OCRE staff will provide additional technical assistance, training and oversight to the Department's agencies. Improving the civil rights area of USDA is one of the Secretary's biggest concerns. Under his direction, OCRE is working on plans to consolidate the Department's equal employment opportunity counseling function to provide better service to USDA employees.

Office of Communications (OC). Under the proposed reorganization plan, the director of OC will be elevated to Assistant Secretary for Communications, reflecting the importance of the Department's mission of information dissemination. Under the new Assistant Secretary, OC will continue to provide leadership, expertise, counsel, and coordination of communication strategies that are vital to the overall formulation, awareness, and acceptance of USDA programs and policies. In addition, OC has worked with the agencies to develop a comprehensive plan that will be used by the Secretary to achieve his goal of streamlining OC as well as public affairs throughout the Department.

The OC request for 1995 includes a decrease of \$580,000 associated with the Secretary's streamlining efforts and the President's Executive Order to reduce Federal employment. In addition, the functions and staff years of the Office of Intergovernmental Affairs will be transferred in 1994 from OC to the Assistant Secretary for Congressional Relations.

Office of the Inspector General (OIG). The mission of OIG will remain unchanged under the new plan. The office will continue to conduct and supervise audits and investigations relating to programs and operations of the Department, recommend policies and activities to promote economy and efficiency, recommend policies and activities to prevent and

DEPARTMENTAL ACTIVITIES

detect fraud and mismanagement in operation of the Department, and keep the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of the Department's programs. Although the same activities will occur, OIG will be reviewing operations in an effort to reduce costs and streamline the organization.

The OIG request for 1995 includes a decrease of \$2.5 million and 19 staff years below the 1994 appropriation. This includes a decrease of \$2 million that was provided by the Congress in 1994 for OIG activities to eliminate waste, fraud, and abuse in USDA programs. The Department determined that this additional level of resources is not necessary to conduct an adequate program of activities in this area. In addition, the staff year reduction is in support of the President's Order to reduce the Federal work force.

Office of the General Counsel (OGC). Under the reorganization plan, OGC will continue to serve as the legal advisor and counsel for the Secretary and the program agencies of the Department. The Office will also continue to provide legal services for the Department, which include but are not limited to: providing legal advice, representing the Department in administrative proceedings, assisting the Department of Justice in cases involving the USDA, and representing the Secretary and the Commodity Credit Corporation before the Interstate Commerce Commission, the Federal Maritime Commission and the Interstate Trade Commission.

In 1994, the Congress provided \$1.1 million to OGC in lieu of reimbursements for legal services provided to AMS and FmHA. The OGC request for 1995 reflects the continuation of a direct appropriation for legal services provided to AMS and FmHA and of a reimbursable agreement for legal services provided to the Forest Service.

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CENTRALIZED ACTIVITIES

The Department has a number of centralized activities which are managed by the Departmental Administration Staff Offices. Centrally managed operations provide efficient, economical services through economies of scale and management attention for the benefit of all participating agencies.

Program Level
(Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Centrally Financed Activities:			
Info Share	(\$11.1)	(\$28.5)	\$90.0
Advisory Committees	1.0	0.9	1.0
Strategic Space Plan	75.6	135.1	138.8
Hazardous Waste Management	16.0	16.0	26.0
Total, Centralized Activities	\$92.6	\$152.0	\$255.8

Info Share. The 1995 request for Departmental Administration earmarks \$90 million to fund the Info Share Program. This program provides a new customer-oriented method for the Farm Service Agency, the rural development agencies, and the Natural Resources Conservation Service to test, evaluate and acquire new technologies which will emphasize one-stop customer service, integrated data sharing and the overall improvement of USDA's automated information systems. In the past, USDA agencies independently acquired or developed data systems, hardware, and software to accomplish agency missions. This approach resulted in redundant business processes, a paperwork burden for USDA constituents, high financial investments and the inability to share information in a timely manner.

The Info Share Program was developed to provide a coordinated process by which to correct deficiencies in the Department's information systems acquisition and management. This multiagency partnership will improve service delivery by re-engineering business processes to reduce the reporting burden, integrating information systems, establishing an information network, and applying common standards in the administration of different programs. Ultimately, this will allow USDA customers and agencies to exchange and access information more quickly and easily through the electronic transfer of data.

Since most of the current agency information systems are reaching the end of their useful lives, their replacement is necessary regardless of the Info Share Program. However, the

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partnership approach of Info Share initiatives shows that significant costs can be avoided. Info Share will provide greater economies of scale to the Department than separate hardware and software purchases by individual agencies. The expected cost for Info Share from 1995 to 1999 is projected at about \$1 billion. This projection includes a decrease of greater than 50 percent from previous agency estimates for separate system purchases.

In addition, Info Share will support the Secretary's streamlining plan by enabling the participating agencies to reduce office locations and personnel while improving service to the public. As a team, the agencies will: review and improve program delivery to provide customers with one-stop shopping while reducing duplication of services; streamline and reduce the number of forms used to collect customer information; implement communications networks to provide accurate, secure, and timely service delivery; and realize long-term savings. USDA has developed a number of fast-track initiatives to be piloted over the next two years. A few examples of these initiatives include the following:

- Common Client Name and Address Data Base. This project will build a single name and address data base containing all customers of Info Share agencies. This will allow these customers to provide this information just once.
- The Field Office of the Future. This is a study to determine resource needs for one-stop shopping and to identify innovative service methods and processes for the field offices of the future.
- Telecommunications Network. This is a pilot project that will provide a State-wide telecommunications network in Kentucky. It will ultimately allow total communication between customers, universities, businesses, and USDA county, State and local offices.

The Info Share partners coordinate all aspects of information resources to support the agencies' programs. The Info Share project is an integral part of the Department's plans to establish a single Farm Service Agency and create one-stop Field Office Service Centers. The initial work for the Info Share Program in 1993 and 1994 has been supported by funding from the involved agencies.

Strategic Space Plan. In 1995, the Department is requesting \$138.8 million for its facilities programs based on projected reductions in staff at Washington headquarters. The major component is \$90.3 million for rental payments to the General Services Administration. This will fully fund GSA for rental charges for all buildings other than the Department's headquarters complex. Beginning in 1995, USDA will assume full operation and control of its Washington, D.C. complex. This is in keeping with the National Performance Review recommendation that GSA "empower" Federal agencies to "choose among competing real estate management enterprises." Since USDA will now be responsible for funding major repairs and renovations from its own appropriations, rather than through GSA, no rental payments will be made to GSA for these buildings.

DEPARTMENTAL ACTIVITIES

In 1995, USDA will initiate a strategic plan to modernize its headquarters, reduce costs, and improve efficiency. The major components are the design of the renovation of its largest building (the South Building) and the construction of a new facility in Beltsville. Renovating the South Building will replace outdated and inadequate major utility systems, correct serious health and safety problems, and increase capacity by about 1,800 staff. The construction of a new facility at Beltsville will result in major cost savings, by avoiding renting commercial office space for staff dislocated during the renovation of the South Building, and by allowing USDA to move staff currently housed in commercially rented space out of that space once the renovation is completed. This initiative is urgently needed, and will result in a more efficient, safer, and less costly headquarters operation.

The request includes \$18.7 million for building operations and maintenance. This is a reduction of about \$12 million from 1994, and is due to the renovation of the South Building, which will incorporate improvement that would normally have been provided through the operations and maintenance program.

Beginning in 1995, the Department will eliminate about \$50 million annually in rental payments to GSA by assuming full operational responsibility and control for the headquarters complex. By 2003 when the plan is completed, the Department will begin saving about \$80 million annually by eliminating the need for leased space in Washington (including the headquarters) and reduced repair costs for the South Building.

The amount appropriated by the Congress for 1994 included \$19.7 million for the renovation and repair of facilities at the Beltsville Agricultural Research Center. However, the 1995 request for the USDA strategic space plan does not include funds for this activity. The ARES request includes \$5 million to continue the modernization of the Research Center.

Hazardous Waste Management. The Hazardous Waste Management request for 1995 includes an increase of \$10 million above the 1994 appropriation. This appropriation funds the Department's efforts to identify, assess, contain and clean up hazardous waste sites in areas covered by programs of the Department or within Departmental jurisdiction. The additional resources will support increased efforts to promote facility compliance under the requirements of the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation Recovery Act.

APPENDIX

Pacific Northwest Plan (Dollars in Millions)

Program	1995 Budget
Forest Service:	
Watershed Assessment	\$19.0
Sustainable Timber Sales Program	27.5
Adaptive Management Areas	7.3
Ecosystem Planning and Monitoring	10.2
Ecosystem Restoration	16.0
Rural Community Assistance	17.0
Subtotal, Forest Service	97.0
Rural Development:	
Development Grants	2.7
Water and Waste Loans	11.0
Water and Waste Grants	5.6
Community Facility - Direct	15.8
Community Facility - Guaranteed	11.2
Business and Industry Loans	23.5
Intermediary Relending Loans	16.0
Subtotal, Rural Development	85.8
Total, Pacific Northwest Plan	\$182.8

Empowerment Zones (Dollars in Millions)

Program	1995 Budget
Multi-family Housing Loans	\$20.0
Development Grants	10.0
Water and Waste Loans	20.0
Water and Waste Grants.	20.0
Community Facility Loans	13.0
Business and Industry Loans	25.0
Intermediary Relending Loans	15.0
Alternative Agricultural Research and Commercialization	1.9
Total, Empowerment Zones	\$124.9

APPENDIX

Selected Pesticide Related Activities Program Level (Dollars in Millions)

Program	1993 Actual	1994 Current Estimate	1995 Budget
Integrated Pest Management and Biological Controls:			
Agricultural Res. and Educ. Service:			
Federal Ag. Research Programs	\$55.4	\$58.8	\$70.9
Partnership Res. & Academic Prog.	35.4	38.0	37.6
Partnership Education Programs .	8.2	8.5	10.5
Economic Research Service	0.3	0.3	0.3
Forest Service	10.2	10.2	8.5
Total, IPM and Biological Controls	109.5	115.8	127.8
Pesticide Data Collection and Analysis:			
Agricultural Marketing Service	11.6	11.6	11.5
Economic Research Service	1.9	1.2	1.2
Nutrition Research and Education Svc.	5.0	8.6	16.1
National Agricultural Statistics Svc. . . .	3.6	3.6	9.8
Total, Pesticide Data	22.1	25.0	38.6
Minor Use Pesticide Data Program (IR-4):			
Agricultural Res. and Educ. Service:			
Federal Ag. Research Programs . . .	2.1	2.1	2.1
Partnership Res. & Academic Prog. .	4.0	7.2	11.3
Total, Minor Use Program	6.1	9.3	13.4
Pesticide Applicator Training:			
ARES - Partnership Educ. Programs . .	1.7	1.7	2.0
Sustainable Agriculture: <u>a/</u>			
Agricultural Res. and Educ. Service:			
Partnership Res. & Academic Prog. .	6.7	7.4	8.8
Partnership Education Programs . . .	0.0	3.0	5.0
Total, Sustainable Ag.	6.7	10.4	13.8
Total, Selected Pesticide Programs	\$146.1	\$162.9	\$195.6

a/ Designated sustainable agriculture research and extension programs. Sustainable agriculture research and extension is also conducted at Federal labs and through State partners through ongoing programs.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Program Level and Outlays (Dollars in Millions)

Agency/Program	Program Level				Outlays		
	1993 Actual	1994 Current Estimate	1995 Budget	Change 1994 to 1995	1993 Actual	1994 Current Estimate	1995 Budget
FARM AND INTERNATIONAL TRADE SERVICES							
Farm Service Agency:							
Conservation Reserve Program	1,683	1,819	1,808	-11	1,690	1,819	1,808
Crop Insurance	1,313	1,456	1,766	310	373	956	934
Commodity Credit Corporation Programs	21,923	17,279	17,289	10	16,047	12,118	8,497
Farm Loan and Grant Programs	2,198	3,714	3,822	108	227	225	221
Salaries and Expenses	1,065	1,124	1,053	-71	926	1,016	968
Pre-credit Reform Loans	0	0	0	0	55	-118	-514
Total, Farm Service Agency	28,182	25,392	25,738	346	19,318	16,016	11,914
International Agricultural Trade Service:							
Export Credit Guarantees	3,882	5,700	5,700	0	*	*	*
Export Enhancement Program	967	1,000	1,000	0	*	*	*
Market Promotion Program	148	100	75	-25	*	*	*
Other Export Promotion Programs	194	206	156	-50	**	**	**
P.L. 480	1,699	1,598	1,307	-291	1,493	2,062	1,341
Pre-credit Reform Loans	0	0	0	0	-641	-599	-536
Salaries and Expenses	184	184	175	-9	114	122	127
Total, International Agricultural Trade Service.....	7,074	8,788	8,413	-375	966	1,585	932
Total, Farm and International Trade Services .	35,256	34,180	34,151	-29	20,284	17,601	12,846
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT							
Rural Utilities Service:							
Rural Utility Loans and Grants	3,338	3,060	3,059	-1	387	544	548
Salaries and Expenses	54	57	58	1	53	65	58
Pre-credit Reform Loans	0	0	0	0	-1,317	-634	-522
Total, Rural Utilities Service	3,392	3,117	3,117	0	-877	-25	84
Rural Housing and Community Development Service:							
Rural Housing Loan and Grant Programs	3,071	3,853	4,172	319	929	1,233	988
Rural Community Loan and Grant Programs	156	304	380	76	-3	8	26
Salaries and Expenses	429	443	480	37	428	429	479
Pre-credit Reform Loans	0	0	0	0	708	813	575
Total, Rural Housing and Community Development	3,656	4,600	5,032	432	2,062	2,483	2,068
Rural Business and Cooperative Development Service:							
Rural Business and Cooperative Development Loans and Grants	259	596	1,332	736	26	51	137
Salaries and Expenses	26	30	27	-3	24	22	25
Pre-credit Reform Loans	0	0	0	0	10	9	3
Total, Rural Business and Cooperative Development Service	285	626	1,359	733	60	82	165
Total, Rural Economic & Community Development	7,333	8,343	9,508	1,165	1,245	2,540	2,317
FOOD, NUTRITION AND CONSUMER SERVICES							
Food and Consumer Service:							
Women, Infants and Children (WIC)	2,928	3,330	3,684	354	2,846	3,222	3,538
Food Stamp Program	23,698	24,241	25,209	968	23,577	25,547	25,182
Nutrition Assistance for Puerto Rico	1,040	1,079	1,143	64	1,025	1,078	1,141
Child Nutrition Programs	7,207	7,671	8,153	482	6,997	7,637	8,087
Food Donations Programs	238	259	269	10	248	254	258
Emergency Food Assistance Program	165	120	40	-80	163	124	40
All Other	247	231	221	-10	243	236	220
Total, Food and Consumer Service	35,523	36,931	38,719	1,788	35,099	38,098	38,466
Nutrition Research and Education Service	9	11	18	7	10	11	16
Section 32 Funds	77	303	300	-3	110	63	0
Total, Food, Nutrition and Consumer Services	35,609	37,245	39,037	1,792	35,219	38,172	38,482

APPENDIX

Agency/Program	Program Level				Outlays		
	1993 Actual	1994 Current Estimate	1995 Budget	Change 1994 to 1995	1993 Actual	1994 Current Estimate	1995 Budget
NATURAL RESOURCES AND ENVIRONMENT							
Natural Resources Conservation Service:							
Conservation Operations	633	646	666	20	636	629	654
Wetlands Reserve Program	0	61	241	180	8	17	79
Other Conservation Cost-share Programs	338	265	137	-128	251	341	235
Other Programs	335	665	70	-595	319	500	399
Total, Natural Resources Conservation Service	1,306	1,637	1,114	-523	1,214	1,487	1,367
Forest Service	3,363	3,252	3,245	-7	3,292	3,202	3,179
Total, Natural Resources and Environment	4,669	4,889	4,359	-530	4,506	4,689	4,546
MARKETING AND INSPECTION SERVICES							
Food Safety and Inspection Service	559	586	605	19	508	497	432
Animal and Plant Health Inspection Service	476	481	463	-18	489	448	449
Agricultural Marketing Service	229	240	242	2	195	170	178
Grain Inspection, Packers & Stockyards Admin. ..	66	66	66	0	25	22	10
Total, Marketing and Inspection Programs	1,330	1,373	1,376	3	1,217	1,137	1,069
RESEARCH, EDUCATION AND ECONOMICS							
Agricultural Research and Education Service	1,546	1,603	1,582	-21	1,510	1,554	1,575
Economics and Statistics	140	137	143	6	144	136	141
Subtotal, Research, Education and Economics	1,687	1,740	1,725	-15	1,654	1,690	1,716
Construction	87	90	26	-64	91	100	100
Total, Research, Education and Economics	1,774	1,830	1,751	-79	1,745	1,790	1,816
DEPARTMENTAL ACTIVITIES							
Departmental Offices	150	155	155	0	147	155	145
Centrally Financed Activities	93	152	256	104	82	143	258
RECEIPTS	0	0	0	0	-1,304	-1,294	-1,226
USDA, TOTAL	86,214	88,167	90,593	2,426	63,144	64,931	60,254

* Net outlays attributable to these activities are included in CCC totals.

** Funding from CCC and Section 32.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Budget Authority (Dollars in Thousands)

Agency	1993 Actual	1994 Current Estimate	1995 Budget
FARM AND INTERNATIONAL TRADE SERVICES			
Farm Service Agency.....	\$17,710,404	\$14,928,129	\$11,888,594
International Agricultural Trade Service.....	1,052,726	948,931	835,580
Subtotal.....	18,763,130	15,877,060	12,724,174
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT			
Rural Utilities Service.....	1,178,240	-593,478	-299,141
Rural Housing and Community Development Service.....	2,172,226	3,036,124	1,925,844
Rural Business and Cooperative Development Service.....	102,075	135,953	169,320
Subtotal.....	3,452,541	2,578,599	1,796,023
FOOD, NUTRITION AND CONSUMER SERVICES			
Food and Consumer Service.....	38,467,860	39,430,448	40,335,047
Nutrition Research and Education.....	8,538	11,068	18,403
Section 32 Funds.....	626,954	523,015	426,582
Subtotal.....	39,103,352	39,964,531	40,780,032
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,296,536	1,655,882	1,114,088
Forest Service.....	3,362,783	3,251,753	3,244,863
Subtotal.....	4,659,319	4,907,635	4,358,951
MARKETING AND INSPECTION SERVICES			
Food Safety Inspection Service	495,752	518,781	433,266
Animal and Plant Health Inspection Service ...	459,496	469,102	450,293
Agricultural Marketing Service	167,795	167,521	162,469
Grain Inspection, Packers and Stockyards Administration	23,393	23,655	9,856
Subtotal.....	1,146,436	1,179,059	1,055,884
RESEARCH, EDUCATION AND ECONOMICS			
Agricultural Research and Education Service...	1,637,590	1,607,146	1,611,977
Economic Research Service.....	58,908	55,260	53,693
National Agricultural Statistics Service.....	80,961	81,768	89,400
Subtotal.....	1,777,459	1,744,174	1,755,070
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	9,253	9,474	9,595
Executive Operations.....	23,710	24,621	25,532
Departmental Administration.....	21,397	21,835	113,027
Hazardous Waste Management.....	16,000	15,802	26,000
Agricultural Buildings and Facilities.....	75,633	135,149	138,803
Advisory Committees.....	952	940	977
Office of Communications.....	8,363	7,997	7,776
Office of the Inspector General.....	62,786	65,530	63,013
Office of the General Counsel.....	24,554	25,992	26,173
Gifts and Bequests.....	1,237	3,270	1,545
Offsetting Receipts.....	-1,304,209	-1,293,736	-1,225,735
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$67,856,783	\$65,267,932	\$61,656,840

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Outlays (Dollars in Thousands)

Agency	1993 Actual	1994 Current Estimate	1995 Budget
FARM AND INTERNATIONAL TRADE SERVICES			
Farm Service Agency.....	19,317,708	16,016,030	11,914,035
International Agricultural Trade Service.....	966,377	1,584,901	932,474
Subtotal.....	20,284,085	17,600,931	12,846,509
RURAL ECONOMIC AND COMMUNITY DEVELOPMENT			
Rural Utilities Service.....	-876,920	-24,872	84,581
Rural Housing and Community Development Service.....	2,061,995	2,482,677	2,068,229
Rural Business and Cooperative Development Service.....	60,145	81,708	165,145
Subtotal.....	1,245,220	2,539,513	2,317,955
FOOD, NUTRITION AND CONSUMER SERVICES			
Food and Consumer Service.....	34,700,036	37,697,134	38,066,388
Nutrition Research and Education.....	10,105	10,707	15,974
Section 32 Funds.....	524,853	479,425	416,473
Subtotal.....	35,234,994	38,187,266	38,498,835
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,214,861	1,486,428	1,366,471
Forest Service.....	3,292,390	3,202,443	3,178,885
Subtotal.....	4,507,251	4,688,871	4,545,356
MARKETING AND INSPECTION SERVICES			
Food Safety Inspection Service	508,455	496,619	431,778
Animal and Plant Health Inspection Service ...	488,693	447,905	448,847
Agricultural Marketing Service	180,308	153,921	161,869
Grain Inspection, Packers and Stockyards Administration	24,465	22,032	9,748
Subtotal.....	1,201,921	1,120,477	1,052,242
RESEARCH, EDUCATION AND ECONOMICS			
Agricultural Research and Education Service...	1,600,968	1,653,910	1,674,990
Economic Research Service.....	61,568	55,027	53,115
National Agricultural Statistics Service.....	82,427	81,212	87,577
Subtotal.....	1,744,963	1,790,149	1,815,682
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	7,924	9,433	9,450
Executive Operations.....	23,503	24,407	25,445
Departmental Administration.....	20,110	21,740	103,428
Hazardous Waste Management.....	19,658	23,971	22,941
Agricultural Buildings and Facilities.....	73,797	115,260	142,407
Advisory Committees.....	1,158	936	970
Office of Communications.....	8,720	8,022	7,822
Office of the Inspector General.....	62,399	65,090	62,739
Office of the General Counsel.....	24,412	25,896	26,061
Gifts and Bequests.....	1,027	3,270	1,545
Working Capital Fund.....	-13,142	0	0
Offsetting Receipts.....	-1,304,209	-1,293,736	-1,225,735
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$63,143,791	\$64,931,496	\$60,253,652

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years — Proposed Organization

	1993 Ceiling	1994	1995	1996	1997	1998	Change 1998—1993	
							Amount	Percent
Farm Service Agency.....	8,138	7,514	7,428	7,326	7,279	7,163	-975	-12.0%
Non—Federal County (Excluding Disaster).....	(13,726)	(13,438)	(12,560)	(12,560)	(12,560)	(12,560)	(-1,166)	(-8.5%)
International Agricultural Trade Service.....	924	926	916	916	914	908	-16	-1.7%
Rural Utilities Service.....	890	890	886	876	871	857	-33	-3.7%
Rural Housing and Community Development Service.....	8,144	8,078	7,955	7,872	7,818	7,703	-441	-5.4%
Rural Business and Cooperative Development Service.....	435	435	428	423	421	414	-21	-4.8%
Food and Consumer Service.....	1,979	1,921	1,915	1,910	1,890	1,850	-129	-6.5%
Nutrition Research and Education Service.....	110	103	100	97	95	93	-17	-15.5%
Forest Service.....	41,155	40,170	39,564	39,088	38,250	37,525	-3,630	-8.8%
Natural Resources Conservation Service.....	13,862	13,711	13,172	13,039	12,871	12,750	-1,112	-8.0%
Food Safety and Inspection Service.....	9,722	9,877	10,042	10,359	10,409	10,459	737	7.6%
Animal and Plant Health Inspection Service.....	6,530	6,470	6,400	6,163	6,053	5,938	-592	-9.1%
Agricultural Marketing Service.....	4,273	4,300	4,253	4,196	4,148	4,080	-193	-4.5%
Grain Inspection, Packers and Stockyards Administration.....	941	890	885	880	875	865	-76	-8.1%
Agricultural Research and Education Service....	8,769	8,674	8,514	8,347	8,286	8,183	-586	-6.7%
Economic Research Service.....	789	758	727	712	698	678	-111	-14.1%
National Agricultural Statistics Service.....	1,152	1,132	1,138	1,133	1,127	1,117	-35	-3.0%
Office of the Secretary.....	93	92	91	90	90	90	-3	-3.2%
Executive Operations.....	1,922	1,891	1,844	1,846	1,847	1,763	-159	-8.3%
Office of the General Counsel.....	420	413	412	408	402	396	-24	-5.7%
Office of the Inspector General.....	850	850	831	825	825	800	-50	-5.9%
Office of Communications.....	150	147	141	140	138	138	-12	-8.0%
Departmental Administration.....	894	908	902	852	831	872	-22	-2.5%
Total, USDA.....	112,145	110,150	108,544	107,498	106,138	104,642	-7,503	-6.7%

APPENDIX

1994 Supplementals and Rescissions (Dollars in Thousands)

Agency	Budget Authority	Outlays	
	1994	1994	1995
Supplementals:			
Extension Service (ARES)	\$1,400	\$815	\$585
Soil Conservation Service (NRCS):			
Watershed & Flood Prevention Operations	340,500	115,000	225,500
Emergency Conservation Program	25,000	12,500	10,575
Total, Supplementals	<u>\$366,900</u>	<u>\$128,315</u>	<u>\$236,660</u>
Rescissions:			
Previously Submitted:			
Agricultural Research Service (ARES) . . .	-\$16,233	-\$12,824	-\$3,409
Buildings and Facilities	-8,460	-1,269	-4,230
Cooperative State Research Service (ARES)	-30,002	-3,000	-9,001
Buildings and Facilities	-34,000	-1,700	-3,400
Agricultural Stabilization and Conservation Service (FSA):			
Salaries and Expenses	-12,167	-12,167	0
Soil Conservation Service (NRCS):			
Conservation Operations	-12,167	-10,707	-1,217
Rural Electrification Administration (RUS):			
Rural Electrification and Telephone Loans Program Account	-12,133	-1,115	-2,712
Farmers Home Administration (RHCDS):			
Salaries and Expenses	-12,167	-11,194	-608
Food and Nutrition Service (FCS)			
Commodity Supplemental Food Program	-12,281	-11,765	-516
Submitted with 1995 Budget:			
Farmers Home Administration (RHCDS):			
Agricultural Credit Insurance Fund Prog. Acct	-5,094	-4,548	0
Rural Housing Insurance Fund Prog. Acct	-15,645	-4,065	-9,000
Foreign Agricultural Service (IATS):			
P.L. 480 Grants	-49,600	-16,120	-30,500
P.L. 480 Program Account	-35,400	-20,178	-13,098
Total, Rescissions	<u>-\$255,349</u>	<u>-\$110,652</u>	<u>-\$77,691</u>

NOTE: Agency acronyms in parentheses indicate the location of the program under the Department's proposed reorganization.

APPENDIX

1995 Proposed Legislation (Dollars in Thousands)

Agency	Budget Authority	Outlays
Food Safety and Inspection Service (user fees)	-\$103,000	-\$103,000
Agricultural Marketing Service (user fees)	-6,148	-6,148
Grain Inspection, Packers and Stockyards Administration:		
Federal Grain Inspection Service (user fees)	-5,021	-5,021
Packers and Stockyards Administration (user fees)	-8,437	-8,616
Farm Service Agency:		
Salaries and Expenses (crop insurance reform)	-40,000	-40,000
Commodity Credit Corporation (crop insurance reform)	-974,104	-500,000
Federal Crop Insurance Corporation (crop insurance reform)	648,110	168,138
Rural Business and Cooperative Development Service:		
Salaries and Expenses	-450	-450
Total, Proposed Legislation	<u>-\$489,050</u>	<u>-\$495,097</u>

APPENDIX

Proposed USDA Reorganization

Under Secretary for Farm and International Trade Services

Proposed

Farm Service Agency

Existing

Agricultural Stabilization and Conservation Service, except for conservation cost-share programs transferred to the new Natural Resources Conservation Service and the National Appeals Division which is transferred to Executive Operations
Farmers Home Administration farmer programs
Federal Crop Insurance Corporation

International Agricultural Trade Service

Foreign Agricultural Service
Office of International Cooperation and Development

Under Secretary for Rural Economic and Community Development

Proposed

Rural Utilities Service

Existing

REA telephone/electric programs
RDA water/sewer programs

Rural Housing and Community Development Service

FmHA rural housing programs
RDA & REA rural community lending programs

Rural Business and Cooperative Development Service

RDA & REA business development programs
Alternative Agricultural Research and Commercialization
Agricultural Cooperative Service

APPENDIX

Under Secretary for Food, Nutrition and Consumer Services

Proposed

Food and Consumer Service

Nutrition Research and Education Service

Existing

Food and Nutrition Service
Office of the Consumer Advisor

Human Nutrition Information
Service

Assistant Secretary for Natural Resources and Environment

Proposed

Forest Service

Natural Resources Conservation Service

Existing

No change

Soil Conservation Service
Agricultural Stabilization and
Conservation Service cost-
share programs.

Assistant Secretary for Marketing and Inspection Services

Proposed

Food Safety and Inspection Service

Animal and Plant Health Inspection Service

Agricultural Marketing Service

Grain Inspection, Packers and
Stockyards Administration

Existing

No change

No change

No change

Federal Grain Inspection Service
Packers and Stockyards
Administration

APPENDIX

Assistant Secretary for Research, Education and Economics

Proposed

Agricultural Research and Education Service

Economic Research Service

National Agricultural Statistics Service

Existing

Agricultural Research Service
Cooperative State Research
Service
Extension Service
National Agricultural Library

Economic Research Service
Office of Energy

No change

Assistant Secretary for Administration

Proposed

Civil Rights Enforcement

Information Resources Management

Operations

Personnel

Small and Disadvantaged Business Utilization
Enforcement

Administrative Law Judges/Judicial Officer

Board of Contract Appeals

Existing

No change, except Small and
Disadvantaged Business
Utilization becomes a separate
staff office.

No change

No change

No change

Part of Civil Rights Enforcement

No change

No change

APPENDIX

Assistant Secretary for Congressional Relations

Proposed

Office of Congressional and Intergovernmental Relations

Existing

Congressional Relations Staff
Office of Intergovernmental Affairs (transferred from the Office of Public Affairs)

Assistant Secretary for Communications

Proposed

Office of Communications

Existing

Office of Public Affairs, except the Office of Intergovernmental Relations will be transferred to the Office of Congressional Relations

General Counsel

Proposed

Office of General Counsel

Existing

No change

Inspector General

Proposed

Office of the Inspector General

Existing

No change

APPENDIX

Executive Operations

Proposed

Chief Economist

Office of Budget and Program Analysis

Office of Executive Secretariat

National Appeals Division

Chief Financial Officer

Existing

Assistant Secretary for
Economics
World Agricultural Outlook Board
Economic Analysis Staff

No change

No change

Agricultural Stabilization and
Conservation Service Appeals
Division
Farmers Home Administration
Appeals Division
Soil Conservation Service
Appeals Staff
Federal Crop Insurance
Corporation Appeals Staff

Office of Finance and
Management (Assistant
Secretary for Administration
served as the Chief Financial
Officer until December, 1993)

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